

NEWS SUMMARY

GENERAL BUSINESS Nigerian Industry leader hopeful at Smith on pay border prospects

Amid speculation that Nigeria is to step up its contribution to black Africa's drive to end white rule in Rhodesia...

President Obasanjo, who is touring frontier African states, returned last night to Lusaka...

Lusaka and the strategic southern towns of Katwe, Livingstone and Chibwa were darkened tonight...

The Nigerian leader, who is an Army Lieutenant-General, was a member of the Nigerian contingent in the 1966 UN peacekeeping force in the former Belgian Congo...

Power stations strike threat A two-day strike by workers in 40 of Britain's 70 power stations may begin tonight...

Beaverbrook dismissals All London-employed engineering union members of the Daily Express and the Evening Standard have dismissed themselves...

Fresh hope for Concorde in U.S. President Carter is considering allowing the Anglo-French Concorde to land at another 10 U.S. cities...

Pool wife dies in car crash A former beauty queen and England Mrs. Kathy Ann Moore, 24, daughter-in-law of Cecil Moore...

Laker seeks changes in Skytrain plan LAKER Airways chief Mr. Freddie Laker will ask the Civil Aviation Authority to allow major changes in his scheme for low-fare Skytrain flights between London and New York...

Lock pins hopes on Owen talks Mr. David Owen, Foreign Secretary, begins two days of talks in Madrid today against growing expectations in Gibraltar that his meeting with Sr. Marcelino Garcia, Foreign Minister...

Tracy beats Sue 14 Tracy Austin (U.S.), aged 14, beat Sue Barker (Great Britain) 6-1 in the women's singles round of the U.S. Open tennis Championships...

Briefly... Billy Graham, the U.S. evangelist, began a week of preaching to 12,000 people at a Hungarian youth camp...

Table with 2 columns: Features, FT Surveys. Lists various market reports and their page numbers.

Engineer delegates at TUC rebel on 12-month rule

BY CHRISTIAN TYLER, LABOUR EDITOR, IN BLACKPOOL

Engineering delegates to this week's Trade Union Congress rebelled last night against their leaders, who are supporting the Stage Two rule about keeping a 12-month gap between wage settlements...

Cheers There was a short and noisy fracas after one of the latter moved in front of Mr. Hugh Scenlon...

Lawyers fail to secure Bhutto's release on bail

BY SIMON HENDERSON ISLAMABAD, Sept. 4.

BHUTTO'S RELEASE ON BAIL LAWYERS today failed to secure the immediate release on bail of Mr. Zulfikar Ali Bhutto...

CBI, Government to discuss non-competitive contract rates

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A SERIES of tough negotiations between the Government and the CBI will start next week to determine whether the overall target rate of return on non-competitive Government contracts should be raised from 15 to 20 per cent...

Labour EEC row is brewing

BY PHILIP RAWSTORNE

LABOUR'S National Executive Committee set the scene yesterday for a divisive row at next month's party conference over Britain's membership of the Common Market...

French in £350m. nuclear deal

BY ROBERT MAUTHNER PARIS, Sept. 4.

FRANCE AND Japan are expected to sign a Fr.3bn. (about £350m.) contract in the next few weeks for the reprocessing of 1,800 tonnes of spent Japanese fuel...

Japan cuts discount rate

BY DOUGLAS RAMSEY TOKYO, Sept. 4.

THE BANK OF Japan is to cut its official discount rate by 1 per cent to 4.25 per cent with effect from tomorrow...

Advertisement for Banque Européenne de Crédit BEC, featuring the bank's name in a large circular logo and text describing its services: Short-medium and long-term credits at fixed or variable rates in convertible currencies for national and international industrial and commercial investments.

Handwritten note: 1977/09/05

How to deal with cartels

BY COLIN JONES

THE NEWS that yet another batch of cartels are being taken...

Senior changes at AMAX

Mr. Pierre Gousseland, chief executive officer, has been elected chairman of AMAX INC.

Mr. R. F. Foley, a director of P and O Straits Services, has been appointed to a senior post with the UNITED ARAB SHIPPING COMPANY.

Mr. Wilson B. Partridge has joined the Board of HAMILTON BROTHERS OIL AND GAS and associated companies.

HOME CONTRACTS

STANDARD TELEPHONES AND CABLES transmission division at Basildon, Essex, has been awarded a contract by the Post Office.

Mr. Leslie Oshin has been appointed to the newly created post of export sales manager for RANK FILM LABORATORIES.

Mr. W. E. Broadfield, investment controller of the UNILEVER U.K. Pension Funds, is retiring on December 31.

Formidable

This does not mean that industry is riddled with secret cartels. It is very hard nowadays for companies to enter into formal restrictive agreements.

OFT's powers

Rather than deploy the steamhammer of the criminal law to crack a few nuts-and-risk driving secret agreements further into the undergrowth—it would be better to widen the OFT's investigatory powers.

APPOINTMENTS

- ATV 5.40-5.55 a.m. Open University. 5.55-6.20 a.m. Open University. 6.20-6.35 a.m. Open University.

SOCCER BY TREVOR BAILEY

Greenwood's quiet style

WHEN THE lure of Arab money proved too much for Don Revie and he walked out of his job as England manager...

Tempting fate

MR. RON GREENWOOD of Ireland's Highway with a leg injury at half having accomplished little...

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Festival B...



and Hung...

CRICKET BY TREVOR BAILEY

After the recent heavy rain, the outfield was sluggish, which reduced the scoring rate.

TENNIS BY JOHN BARRETT

There was no doubt the quality of today's top juniors has only to remember the sensational progress of young John McEnroe at Wimbledon.

Home Run with Piggott for Winds

NEWMARKET'S Park Lodge Stakes winner, Gintling, is missing today's Potential Stayers' Stakes at Windsor to wait for something of a rest.

RACING BY DOMINIC WIGAN

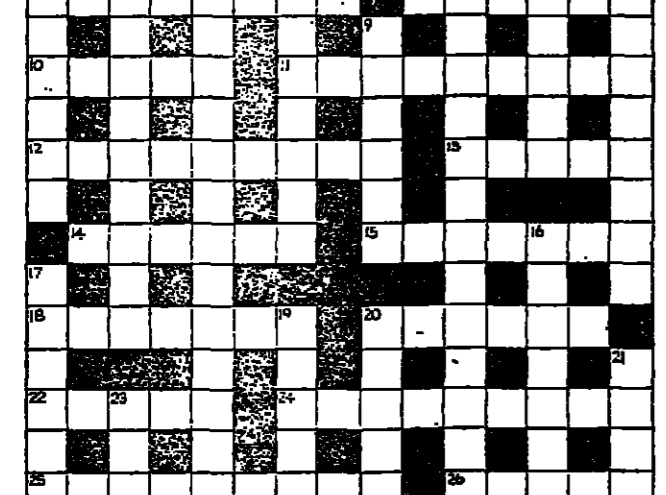
Beckhampton colt, again the mount of Lester Piggott, reported in fine trim and ready to go himself full justice.

Formidable

Another formidable Wimbledon debut was made by the equally impressive Wimbledon debut of Miss Austin who made Chris Evert work hard for her third defeat.

Miss Smith is the point in the junior intercountry and is seeded on in the event this week.

F.T. CROSSWORD PUZZLE No. 3458



- ACROSS 1 Pub opening in Wales (8) 2 Right about strange variation in musical speed (8) 3 Conservative longing for secret store (5) 4 Press material arrives bang on time (8) 5 Foreigner bound to enter Olympic event (4, 3) 6 Military hearing acquired by expert (5) 7 Gleeeful description of England by German (6) 8 Saw without a sugar coating (7) 9 Baseball player lands in jug (7) 10 Go-slow by youth leader giving one the creeps (6) 11 Out with the children (5) 12 Done with the course with left turn (4, 5) 13 Current fee taken off assessment (5, 4) 14 Make up around lunch-time (5) 15 King Edward crisply making a packet (6) 16 Sympathy is at stake (8) 17 Second grade spice mixed with oil (7) 18 Mind about a prayer (8) 19 Nine have too much to drink (3, 4, 3, 3) 20 Rack looks wrong on river (7) 21 One in a million (8) 22 Honesty of a miser (7, 8) 23 Forcibly keep a parent at home (5) 24 Supersede through bus journey (8) 25 Places upset small number accurately placed (4-2) 26 Fibre made in part of prison by upper-class miss (9) 27 Tissue cut during season in the north (8, 9) 28 Tease chap seen to totter (8) 29 Care for business? (7) 30 One would in case be most indolent (6) 31 Expedient to move, quickly (5) 32 Make up around lunch-time (5)

- DOWN 1 Second grade spice mixed with oil (7) 2 Mind about a prayer (8) 3 Nine have too much to drink (3, 4, 3, 3) 4 Rack looks wrong on river (7) 5 One in a million (8) 6 Honesty of a miser (7, 8) 7 Forcibly keep a parent at home (5) 8 Supersede through bus journey (8) 9 Places upset small number accurately placed (4-2) 10 Fibre made in part of prison by upper-class miss (9) 11 Tissue cut during season in the north (8, 9) 12 Tease chap seen to totter (8) 13 Care for business? (7) 14 One would in case be most indolent (6) 15 Expedient to move, quickly (5)

16.55 a.m. The Food of Love. 16.30 Spiders' 11.55 Woodhouse-Animal Doc. 11.55 Jos. 12.30 a.m. An Aid to...

Little Tracy sinks Sue Barker

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An undistinguished final

MIDDLESEX won the Gillette Cup without much difficulty at Lords in an undistinguished final on Saturday.

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The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

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Harry Chapin

by ANTONY THORNCROFT



Harry Chapin

make a league of their own... Harry Chapin has turned up again in his first major London concert... He is not helped by mechanical faults and empty seats, which made it look like a poorly attended party.

poorly attended party. When the atmosphere is less than white-hot Harry Chapin's attempts to divide up the audience to shout out "Bananas" in a variety of keys was bound to be an uphill task. It was also a pity that he ignored some of his earlier and simpler songs — Harry Chapin still laboriously working his way up in the pop world was more effective and sympathetic than today's Harry Chapin with a little too on the big success bandwagon.

His band knows the material inside out and this time did not throw off so many well rehearsed spontaneities. Harry Chapin has never brought together the split between his outside personality and the pathos of his songs. It's an odd, unsatisfactory mixture, but at least oddness is interesting.

Festival Ballet

by CLEMENT CRISP

supremely simple. It is being danced badly. Patricia Bart was her cavalier, and very musical, and a new young soloist—Robert Walker—made a touching impression in the prelude with her gentle phrasing.

But the two remaining works in the programme—*Night Shadows* and *Prince Igor*—were victims of the stage. *Night Shadows* is a most important piece to bring off: the Soviet evening party is no jolly get-together, but a hectic and corrupt affair in which the poet and the Sleep-walker alone are figures of innocence. Without any mystery in the lighting or in the music of the ballet, the proper feeling of the idealism of the poet, but neither the idealism of the poet, nor the somnolent, comatose image of the ballerina, realise that it is the girl edging over the edge.

Little, I fear, can be recapitulated by Festival's dancers, and Manola Assoluto is a voluptuously good Ferialina princess, but the logic behind the choreography, its sense of purpose and its dynamics are dissipated by the remoteness of the style as well as by the exposed nature of the stage. Done with a good deal more brutality by the men and a good deal less respect for property bows and any bodies that may get in the way, it might just work if the cast imagined themselves football hooligans on a drunken rampage.

Czech and Hungarian

by RONALD CRICHTON

Froms cast their net so of a series of short movements and their dances so readily at their Anzertips. Mr. Schiff's repertoire works, not yet Janacek's separate but returning to their opening fanfare, a secure and carefully thought-out little too carefully, perhaps, where the player's tone never falters but the naturalness of the playing is slightly off. The orchestra support was full of delights.

Barok was a serious colour being (perhaps too severely) frowned upon now-a-days, while the latter, who is something entirely unconnected with musical patriotism—a giant exercise in chromatic counterpoint on the B-A-C-H motive. As Richard Coulson's imposingly somnolent playing showed, this might have been written for the Albert Hall and its organ.

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Jazz Brunch

at the Portman Hotel

American tenor-saxist Bud Freeman returns to the Portman Hotel's Rotisserie Normandie on Sunday, September 11, for "Jazz Brunch" starting at 12.30 p.m. He will be appearing with the Reg Robin Trio. Freeman launched the now-regular weekly New Orleans-style meals with jazz on May 1.

Other September bookings are: Roy Williams/Johnny Barnes quartet (18) and the Dick Charlesworth quintet (25). Veteran multi-saxist Benny Waters will be appearing on October 1 and on the following Sunday pianist Neville Dickie will be the featured attraction.

Edinburgh Film Festival

Triumph of the "Z" movie

by NIGEL ANDREWS



Martin strikes again

I cannot remember an Edinburgh film festival more welcoming, more harmonious and less riven by clamorous disputes between rival cinematic clans than this year's, the 31st. One sometimes takes the trip north of the border with an anxious heart. The festival's political slant is well known, and the ideological barricades raised between opposing critical factions — the "bourgeois" critics (namely myself and my newspaper colleagues) and the Marxist film analysts (who organise the festival's annual special event—a year's series of films and seminars on the theme of History and the Cinema)—do not always encourage a sense of good neighbourliness. In the main programme, furthermore, they are generally a daunting proferance of films on feminism, the class struggle and Third World politics: all jostling rather inconspicuously with the annual quota of American exploitation quickies, which seem to function here like an emotional safety valve, or a cleansing blast of vulgarity, in a festival elsewhere strong on intellectual rigour and high political tone.

But this year all the pre-festival misgivings were needless. The barricades still stand, but they are not as strictly patrolled as before and there were even occasional cordial exchanges between the two armies, especially in the case of the documentary section, which was as high as I can remember. Festival director Lynda Myers still starts, by her excellent policy of offering a counterpart to, not an imitation of, the London film festival, and the star directors that habitually populate festival programmes—Wajda, Franju, Ray and company—are here prominent by their absence. (A fringe festival has started up in Edinburgh this year to fill that gap: it will present films by all the above-mentioned.)

Edinburgh Fringe

Taylor, Crane and others

by B. A. YOUNG

C. P. Taylor has a two-part play, *Water*, at the Traverse. Its hero is a 70-year-old Jewish Glasgow comedian, played with immense virtuosity by Peter Kelly. Nearing the end of his life, his wife is away in the child his young nurse is about to bear really his? and will survive his next heart-attack to play John Maclean the Glasgow revolutionary in a new film?

In Mr. Taylor's familiar manner, the action moves back and forth in time and place, though it is anchored to the fine drawing-room Grant Hicks has designed to show how well Walter invested his money, unexpectedly earned in a television soap-opera. Mr. Kelly flicks from one persona to another with great skill, now conversing with his companions, now giving a taste of his old music-hall routines, now declaiming Maclean's fiery speeches, even going so far as to accompany himself at the piano as he sings a duet with a former girl-friend from his wheelchair.

Acting and direction, by Chris Parr, are immaculate. But though Walter is fascinating character and his life is of interest, I wasn't persuaded that it needed four and a half hours of exposure. Richard Crane is another Fringe hero. This year he shows his adaptation of Mikhail Bogdanov's *The Master and Margarita* which he calls *Satan's Ball*, and which is splendidly directed by Faynia Williams. I was not familiar with the story, which entwines threads of Pontius Pilate's responsibility for the Crucifixion and visit by the Devil to revolutionary Russia, and I found it hard to follow. The production, at the Old Chaplaincy Centre in Forrest Road, doesn't help. It is visually stunning, mounted on four levels of a Constructivist set; each scene is beautifully composed—the Crucifixion itself, in half-light away in good-butter, tremendously good—but I felt a lack of coherence. Not a production of the miss, all the same, and I would gladly see it again after reading the novel.

Another much-praised Fringe play is *Player King* by Patrick Mount Everest; it's there.

often boasting far more vitality and wit than their cumbersome, expensive originals. The best of this year's crop was George Romero's *Martin*. Romero directed that cult movie of yesterday *Night of the Living Dead*, and *Martin* is another Gothic horror story in modern dress, recounting the adventures of a young man with a taste for bloodsucking. He is an old-style vampire or merely a new-style psychopath? The latter, it begins to appear from his disturbing immunity to garlic and crosses: the film turns into a dance macabre of ferocious wit and invention as our hero dodges his cross-wielding pursuers while terrorising the kind of cosy suburban homes that seldom featured in Hammer's never-neverland tales of vampirism.


Ralph de Vito's *Death Collector* is the Z-movie's most terrifying of the kind of cosy suburban homes that seldom featured in Hammer's never-neverland tales of vampirism. *Death Collector* is a tale of derring-do among the Italian set in New York in which a young man with a startling resemblance to Robert de Niro (Joseph Cortese) goes through the hallowed Macabro rituals of nepotism, betrayal and a bloodily tragic end. The film is sharply written, vigorously directed and aims straight and unerringly for the audience's jugular.

John Carpenter's *Assault on Precinct 13* also aims for the jugular, but misses, couching the film in a spectacularly improbable, an about-to-be-closed police station, first a voracious lady (Ava Gardner) van-load of condemned killers errant lover (Ian McShane). You would not believe some of the film's dialogue even if I repro-duce it here, so I shall not suffice to say that the climax is genuinely macabre and makes up for many, though heroically, with gun and fist as not all of the foregoing absurdities.

Featured among the films in the Special Event this year—films chosen to illustrate and fuel discussion on the theme of the relationship between cinema and history—was Rene Allio's fascinating *Moi, Pierre Bricere*. Based on the true story of a Norman peasant who in 1855 murdered his mother, brother and sister, the film takes a melodramatic subject and handles it with almost scientific precision and detachment. There is no appeal whatever to the filmgoer's more bloodthirsty instincts: instead a persuasive and enthralling account of the social and historical conditions in which the boy grew up, and which may or may not be held partly guilty for his crime. Finally, a paean of praise to Edinburgh for mounting this country's first full-scale retrospective of the work of Wim Wenders. Wenders is my personal favourite among all the directors of the flourishing new German cinema. Though less exotic in style than Fassbinder's or Herzog's, his films have a quiet, spacious poetry that is unlike the work of any other film-maker living to-day. Londoners have already seen his *Alice in the Cities* and *Kings of the Road*. Soon they will see his latest film, given its British premiere this year in Edinburgh, *The American Friend*.

BARCLAYS INTERNATIONAL SEUL. YOUR KEY TO KOREA.

The Republic of Korea is one of the most rapidly expanding economies of the Far East. This week sees the opening of a branch of Barclays Bank International in Seoul. Now we offer British exporters and businessmen a complete range of international banking services in a country which is an increasingly important export market for British goods as well as a growing base for business development. Seoul joins the company of our 1,700 branches in over 70 countries—a larger international network than any other bank—and is an important addition to our Far Eastern network that includes Australia, Fiji, Hong Kong, Indonesia, Japan, Malaysia, New Hebrides, the Philippines and Singapore. For service, get in touch with our chief manager in Seoul or, in the U.K., our International Division at 168 Fenchurch Street, London EC3P 3HP, telephone 01-283 8989 extension 3218.



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Basel

has acquired a controlling interest in

CITRIQUE BELGE

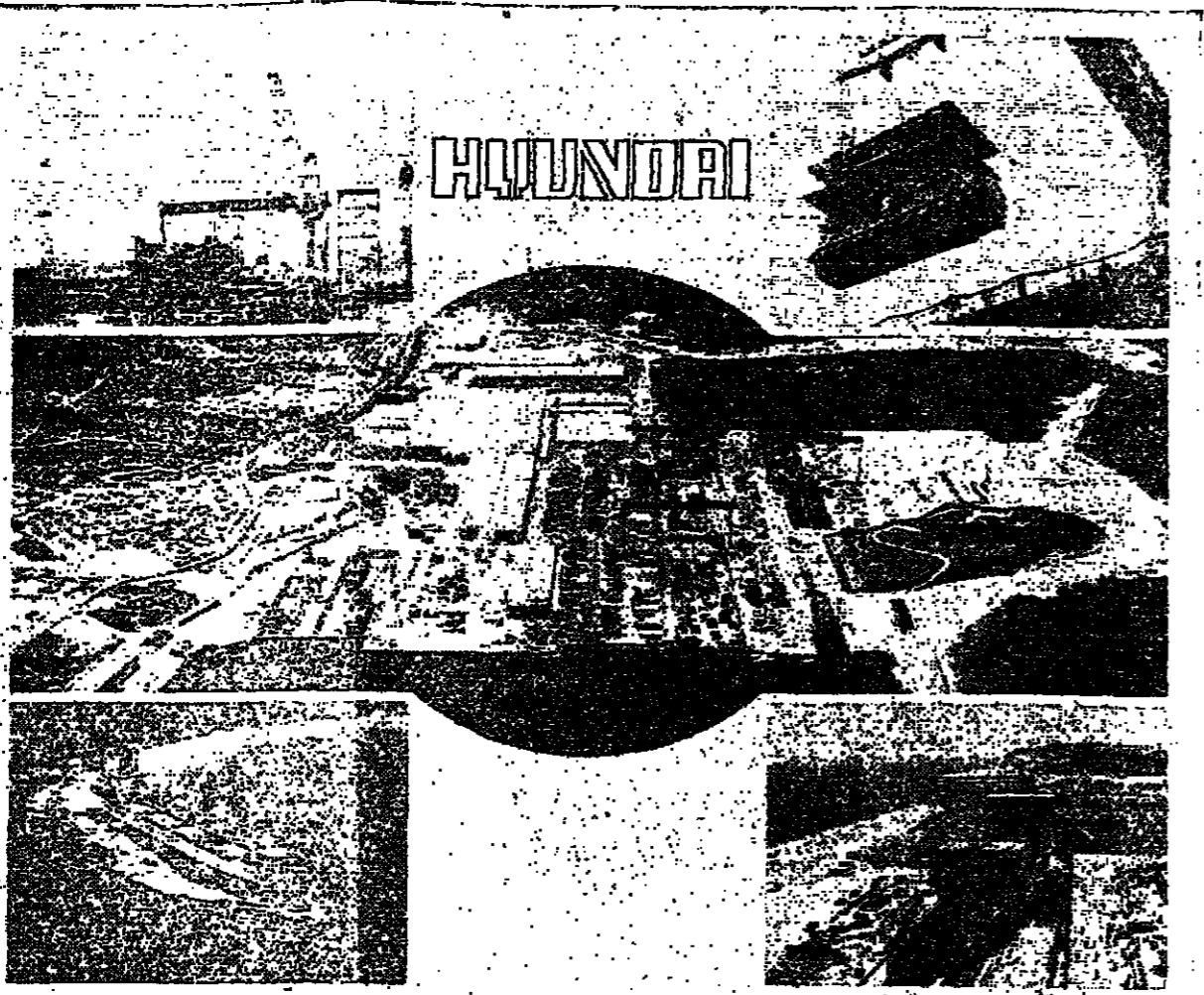
Tindemont (Belgium)

The parties have been assisted in this transaction by

Banque Bruxelles Lambert

Chambers Awards

Chambers, the publishers, in completion. Chambers have received over 500 entries expect to be able to announce for their first annual awards the winners, and make the scheme for Scottish authors, sentations—which total £3,000—was launched in Edinburgh last autumn. A total of 542 entries were submitted: 258 in the fiction section, 97 in the non-fiction section, and 187 in the children's section. Entries for each section of the awards have been scrutinised by an independent panel and several years of specialisation in the final judging and selection the dictionary and educational of the winning entries is near-textbook field.



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OVERSEAS NEWS

S. African Minister visits Israel and Europe

By Quentin Peel

JOHANNESBURG, Sept. 14. MR. R. F. "PIK" BOTHA, the South African Foreign Minister, left Pretoria on Thursday on a secret trip to Israel and Europe, it was reported here today.

Before arriving in Geneva for talks with President Houphouët-Boigny of the Ivory Coast, he spent a day and a-half in Israel. However, the Israeli ambassador in Pretoria denied that the trip was official, but said it was merely a stop-over en route to Europe.

"Mr. Botha applied for a visa for Israel," Mr. Itzhak Ulan, the ambassador said, "I gave him a visa and told my Government I had done so. He was only in Israel for about a day and a-half."

He said he understood Mr. Botha had chosen a route via Israel because of the air traffic controllers' disputes in London and Paris, which might otherwise have delayed him.

According to the reports here, the meeting with President Houphouët-Boigny is at the latter's request, made after the recent World Conference on Apartheid in Lagos. The Johannesburg Sunday Times stated that mission "could hold the key to South Africa's relations with black Africa."

"It is believed that President Houphouët-Boigny may tell Mr. Botha he is finding it difficult to maintain his moderate stance in the face of the aggressively militant line adopted by all other African States."

Kenya bans all Tanzania flights

KENYA has banned all international airlines from picking up passengers in Nairobi for Dar es Salaam, and vice versa, as from November 12 when the IATA timetable expires, John Worrall writes from Nairobi. This is seen as another move in the current cold war between Kenya and Tanzania.

Since Tanzania closed its border with Kenya in February, after the collapse of the East African Community, passengers have only been able to fly between Nairobi and Dar es Salaam on foreign carriers.

After the collapse of EAA Kenya started its own Kenya Airways and Tanzania its own Air Tanzania. Kenya made an attempt to negotiate a bilateral agreement with Tanzania to keep air traffic going but this was rejected by Tanzania.

OECD expects continued rise in Canada jobless

BY OUR FOREIGN STAFF

THE OECD survey of Canada, published today, paints a gloomy picture of continued high unemployment and current account deficits, combined with a growth rate which will accelerate slightly next year, but still remain below what is considered the long-term potential.

The OECD secretariat forecasts that the unemployment rate will average 8 per cent this year, rising to 8.1 per cent in January-June, 1978, compared with 7.2 per cent in 1976 and 5.3 per cent in 1974, a boom year.

It expects a current account deficit of \$3.4bn this year, rising to an annual rate of \$4.1bn in the first six months of 1978. The increase in GNP, which was 4.9 per cent last year, is expected to be down to 3 per cent in 1977, rising to 4 per cent in the first half of 1978.

Invisibles account for the deterioration of the current account, which actually was in surplus as recently as 1976, though Canada traditionally balances its books by importing capital. The OECD pinpoints increasing interest and dividend payments, as well as the Canadians' increasing appetite

for winter travel to the sunny south as causes of the increasing service deficit.

Over the depreciation of the Canadian dollar in the last 12 months could lead to some improvement in the current account, but the movement of Canadian companies with U.S. costs would be more important.

The survey admits that some of the past six years manufacturing unit labour costs had risen some 10 per cent, faster than in the U.S., Canada's all-important market and supplier.

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Concorde airports prospect

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Se

THE CARTER Administration is considering permitting the Anglo-French Concorde super-sonic airliner to land at ten more U.S. cities, the White House confirmed over the weekend.

This is one of a number of options being drawn up inside the Administration, as President Carter prepares to announce his decision on Concorde's landing rights by September 24, when the 18-month trial period for the Concorde flights into Dallas airport near Washington expires.

The White House was careful to point out that if it authorised Concorde to use other U.S. airports, it would not be preempting the rights of local authorities to reject the aircraft, or of other cities to make considerations. This, of course, has been the case in New York the past 16 months.

The ten cities—Anchorage, Boston, Dallas-Fort Worth, Houston, Honolulu, Miami, Los Angeles, Chicago, Seattle and San Francisco—are known as "Gateway" cities: all have runways long enough to accommodate Concorde and most of them can be approached with minimal flying overhead.

The airport authority at Dallas-Fort Worth has already expressed interest in having Concorde land there, but objections in other cities are likely.

The Administration may also take the opportunity of the September 24 date to announce new noise standards for super-sonic airliners. While it is conceivable that these standards could be so strict that Concorde could not meet them, it is considered more likely that existing standards will apply to future, supersonic jets.

Among other options being considered are simply extending the current trial period for Houston, Honolulu, Miami, Los Angeles, Chicago, Seattle and San Francisco.

Owen in Gibraltar talks

BY DIANA SMITH

MADRID, Sept 4

THE TWODAY talks that begin here to-norrow between Dr. David Owen, the British Foreign Secretary, and the Spanish Government are not expected to yield immediate, startling changes in the Gibraltar dispute.

However, Dr. Owen's visit marks a new, open-minded stage in Anglo-Spanish relations.

The democratically-elected Government of Sr. Adolfo Suarez is a far cry from the fiercely nationalistic Franco regime that imposed a blockade on Gibraltar in 1969, on the apparent assumption that it could force its inhabitants to abandon their desire to stay British.

Sr. Suarez and his colleagues are committed to democratic rule and autonomy for Spanish regions, and are furthermore eager to take Spain into the EEC. This latter aspiration precludes the maintenance of a Gibraltar blockade and the unilateral imposition of Spanish sovereignty on its 30,000 inhabitants.

Spanish government circles have already indicated that while it would be difficult to drop the demand put forward by the United Nations in 1968 and 1969 for the restoration of Spanish sovereignty in Gibraltar, a wider margin for negotiation is now possible.

A "realistic" solution now being floated in Madrid implies special autonomy for Gibraltar, carefully taking into account the legitimate interests, administrative system and special characteristics of its population.

Mr. Owen plans to seek a Security Council mandate for the creation of such a force, but his efforts will court the risk of veto by Moscow or Peking unless the African bloc is solidly behind the plan.

General Obasanjo has met Presidents Julius Nyerere of Tanzania and Samora Machel of Mozambique before visiting Zambia.

General Obasanjo's arrival in Lusaka came a day after President Kenneth Kaunda proclaimed a blackout and curfew lasting from 8 p.m. to 5 a.m. The Nigerian general was one of those to feel the inconveniences

there for an indeterminate period. The military base, where 2,000 British troops and sailors now operate, could, it is suggested, come eventually under NATO control.

However, Britain has made it clear that nothing will be contemplated without consultation of the Gibraltarians, bearing in mind that the 1967 Gibraltar referendum produced an overwhelming vote to stay British.

Although to-day's Spain is embarked on a new course, most Gibraltarians are still not inclined to trust the Spanish government.

Gen. Franco's blockade brought out a gift for survival on the Rock. Desalination plants and rain catchment reservoirs now provide fresh water for the inhabitants, but efforts to attract tourism (which provides a third of the total £2m. annual revenue) have proved successful.

housewives went to work keeping social services, schools and hospitals running, and most residents took on two jobs a day.

It is after Dr. Owen's visit, Spain makes concrete gestures such as restoring telephone communications which have not existed for eight years, that Gibraltarians might be less mistrustful and more inclined to rethink their bitter attitude.

There is a new mood in the Crown Colony. Tired after years of isolation, and troubled by new labour militancy and its economic repercussions, many Gibraltarians might contemplate a renewal of economic relations with Spain, and a return to open political relations.

Arabs seek UN vote over settlement

CAIRO, S

ARAB foreign ministers in clear of what on "harsh" positions, as day to seek a UN resolution condemning Israel in captured territory.

Foreign Minister Iqbal was quoted as saying what was possible was not.

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Zaire elections

President Mobutu Sese Seko has said that the next month's general elections in Zaire will be completely free, but he called on all candidates to be calm and honest in the campaign, UPI reports from Kinshasa.

President Mobutu said "everybody will be free to vote according to his conscience, but I ask all candidates in the forthcoming elections to be calm and honest during the campaign and to avoid any demagoguery."

Nigerian leader in tour of Zam

BY OUR OWN CORRESPONDENT

LUSAKA

AS LUSAKA settled down for a second night of curfew and blackout the Nigerian head of State, Lieutenant-General Olusegun Obasanjo flew to Livingstonia from here to-day to view the Victoria Falls and across the Zambezi, Rhodesia.

According to Western diplomatic sources, Nigeria's oil wealth and military strength make the West African State an important potential ally for the efforts of Dr. David Owen, the British Foreign Secretary, to live up to black African backing for his ill-fated Rhodesian settlement proposal.

The Nigerians are regarded as anxious to play a more active role in the Rhodesian crisis. But while Dr. Owen believes his settlement proposals received a sympathetic hearing in Lagos 10 days ago, the Nigerians also have the wealth to help intensify the guerrilla war for control of Rhodesia. They are the largest single African contributor to OAU Liberation Committee funds.

They could thus go either way—going to sway the "front-line" states, Tanzania, Zambia, Mozambique, Angola and Botswana—to adopt a more conciliatory line towards the Anglo-American Rhodesia package, or bypassing the proposal and throwing its weight behind the

liberation struggle.

Dr. Owen and Mr. Andrew Young, the American ambassador to the United Nations put the proposals to the blacks and whites in the Rhodesia conflict last week. The package received a frosty and, publicly at least, uncompromising thumbs down from both sides.

One essential part of the package provides for a "freeze-and-look" force to support British residents—missioner in Rhodesia during its transition to becoming Zimbabwe.

General Obasanjo, who is believed to have been part of the Nigerian contingent in the UN force in the Congo over a decade ago. Certainly, Nigeria is strongly tipped to play a central role in a Zimbabwe force.

Dr. Owen plans to seek a Security Council mandate for the creation of such a force, but his efforts will court the risk of veto by Moscow or Peking unless the African bloc is solidly behind the plan.

General Obasanjo has met Presidents Julius Nyerere of Tanzania and Samora Machel of Mozambique before visiting Zambia.

General Obasanjo's arrival in Lusaka came a day after President Kenneth Kaunda proclaimed a blackout and curfew lasting from 8 p.m. to 5 a.m. The Nigerian general was one of those to feel the inconveniences

of the measures. A state banquet for him was cancelled because it fell within blackout hours.

The measures were certainly the most drastic President Kaunda has taken since he began warning his countrymen earlier this year that they were on the pitch-footing with Rhodesia and could be expected to be dragged into the conflict one way or another by later 1977.

Conventionally timed for the Nigerian leader's visit, the curfew has thus far gone unexplained here, save for an official statement saying it had been entered in the interests of security and order. Dr. Kaunda may be attempting to underline the gravity of his increasing hostilities with Rhodesia for domestic and international effect.

The blackout, during which camouflage troops threw up roadblocks around Lusaka and two Zambian Air Force warplanes took a turn over the pitch-black city, follows last week's allegation that Rhodesian bombers attacked the border town of Feira. The curfew is to last until Tuesday during which Dr. Kaunda has predicted further Rhodesian strikes.

Another view among the diplomats here is, however, the political measure posited with next year elections. The towns of Lusaka, Livingstonia, and Kafue, all strategic, are economically crucial belt has not been affected.

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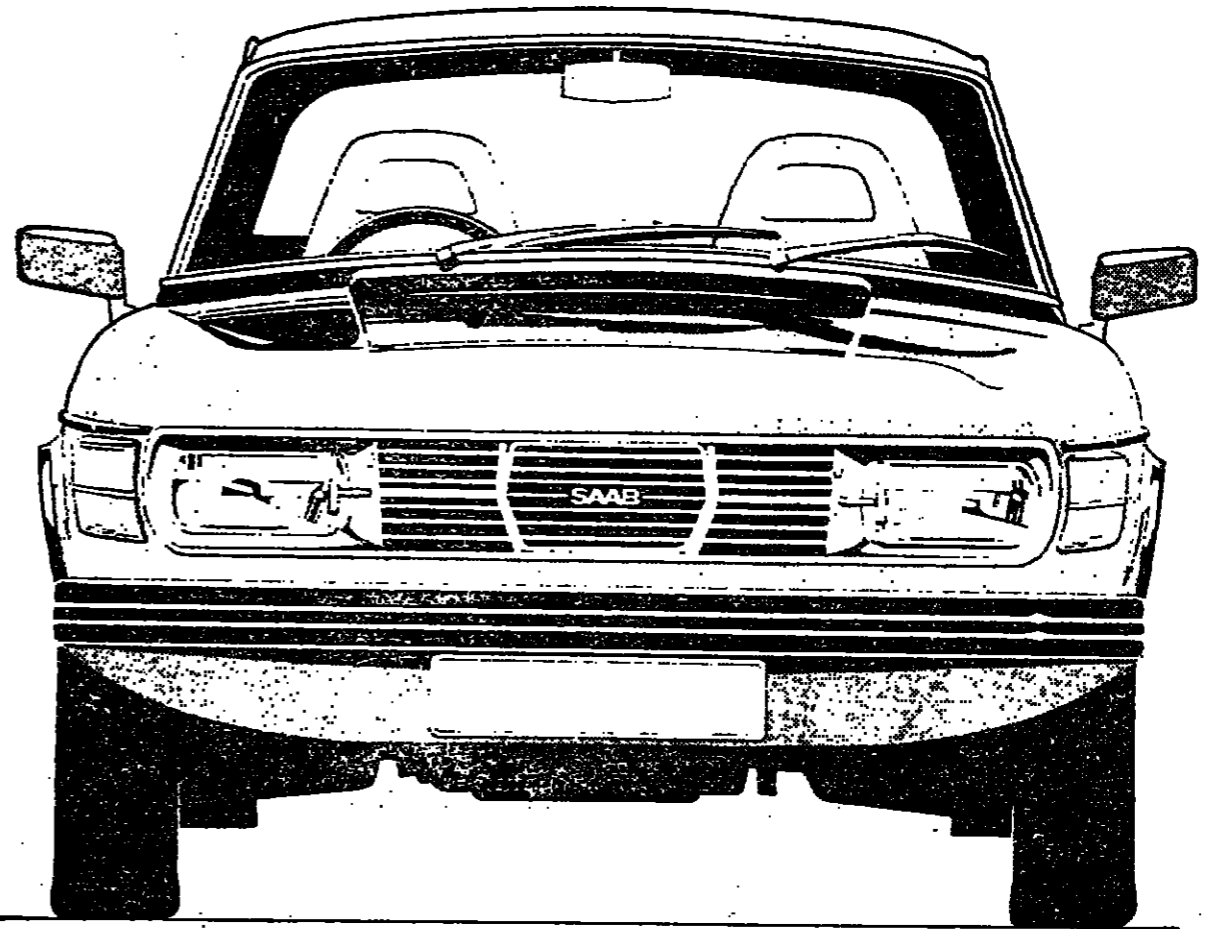
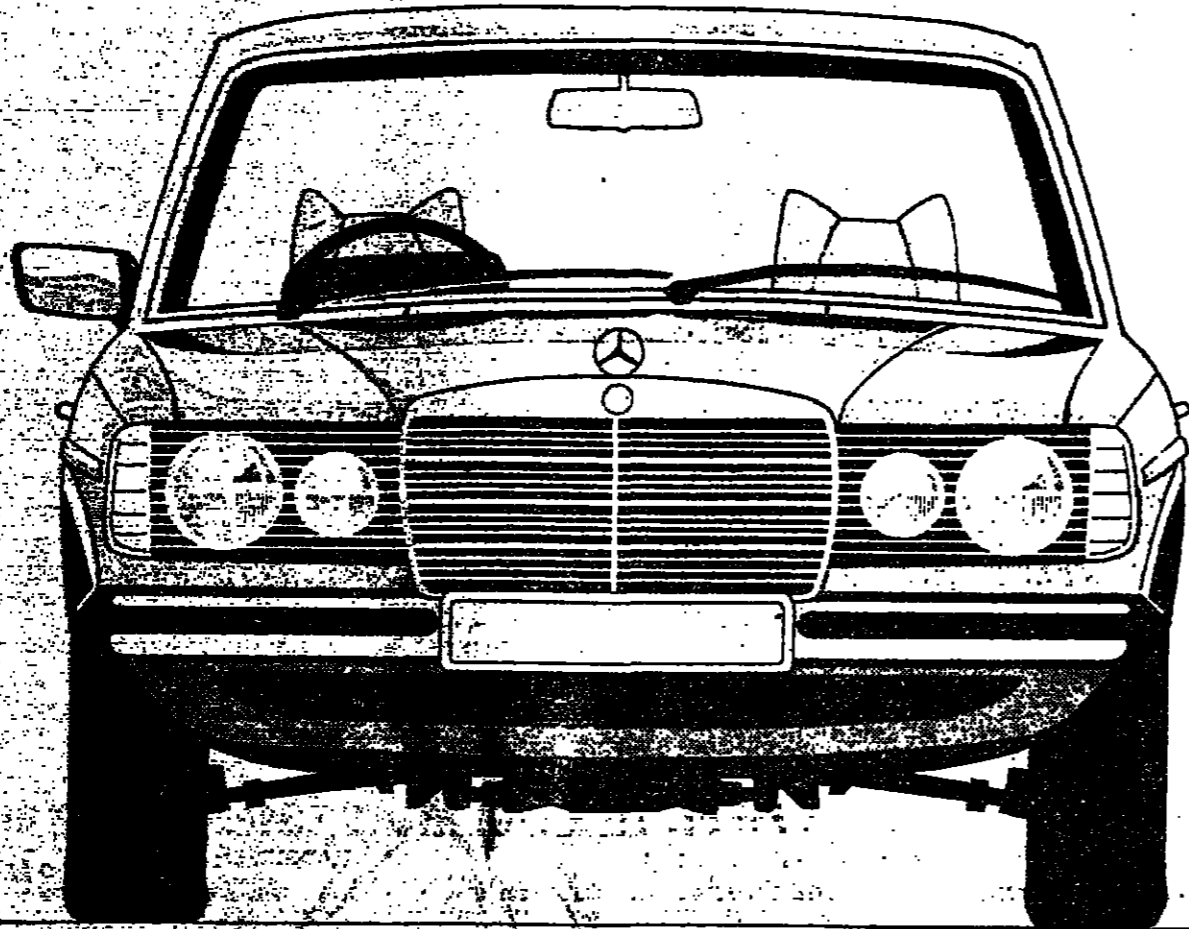
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All performance figures from 'Car' Magazine, August 1977. Specifications by manufacturers. SAAB (Gt. Britain) Ltd, Fieldhouse Lane, Marlow, Bucks. SL7 1LY. Tel: Marlow 6977.

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WORLD TRADE NEWS

More optimism over Italian trade gap

BY PAUL BETTS

ROME, Sept. 4

THE ITALIAN Foreign Trade Minister, Sig. Rinaldo Ossola, has indicated that Italy's trade deficit this year will total just over L.3,000bn. or about £2bn. This represents a marked improvement on last year's trade deficit of L.5,400bn. and an even more sizeable one in real terms considering the current annual inflation rate of about 14 per cent.

Holland seeks means of boosting export volume

BY MICHAEL VAN OS

AMSTERDAM, Sept. 4

THE DUTCH Economics Ministry is considering whether to take additional measures to boost exports following the dramatic turnaround in the country's trade position this year. The Ministry has said it is very concerned about the situation with Holland being so dependent on exports for prosperity but it is holding its cards close to its chest as to the nature of the aid measures that may be taken.

Export potential for beer equipment

KENNETH GOODING looks at a brewing industry success

THE BREWERS believe there is enormous potential for the export of British brewing know-how and equipment over the next decade. This point came through strongly when they published their recent National Economic Development Office report about the industry's aims as part of the industrial strategy programme.

longer life. Here Alumasac can help. It has been telling the Continentals. The U.K. method of dispensing beer is much more hygienic than the types typically used in Continental countries. And Alumasac claims its own system is unique because it is so simple to fit the barrel to the dispensing equipment (only one hand is needed) and it is tamperproof (no water can be added to the beer).

Contracts

UOP of the U.S. said its fluid systems division received a \$33m contract from Saudi Arabia's Ministry of Agriculture and Water for a desalination project. The heart of the installation, to be built on the Red Sea near Jeddah, will be a 3.2m x 2.5m per day reverse osmosis system capable of producing the drinking water from sea water.

Volvo to cut car prices

GOTHENBURG, Sept. 4

VOLVO plans to cut prices of its cars on export markets as a result of the recent Swedish devaluation according to a statement by the company president, Mr. Bohm Gyllenhammar.

Venezuela rail agreement

MONTREAL, Sept. 4

CANADIAN National Railways' Canadian unit has signed with a Spanish group of 18 companies an agreement to provide design and equipment for 420 miles of railway construction in Venezuela.

World Economic Indicators

Table with columns: Country, Year, and % change. Rows include W. Germany, Holland, Italy, France, U.S., Belgium, and Japan.

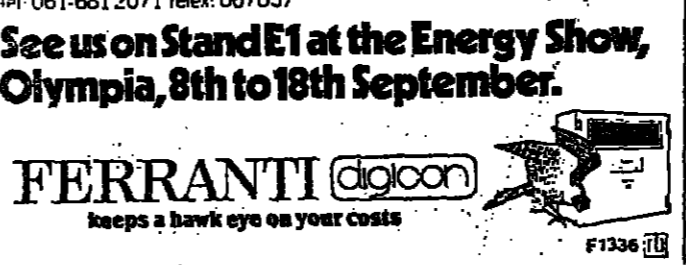
Advertisement for KSB pumps and compressors. Features the KSB logo and text: 'Ensuring future success through adaptability in a changing world.' Includes detailed text about KSB's history, worldwide operations, and product range.

Move for door imports quota

DETAILED information on the extent of the problems being encountered by the U.K. door industry in the face of imports from Taiwan, now running at the rate of 1m a year, is to be submitted to the EEC by the British Woodworking Federation (BWF).

When a careless 30 minutes could mean a costly 12 months electricity bill, you need Ferranti Digicon.

See us on Stand E1 at the Energy Show, Olympia, 8th to 18th September.



Advertisement for Walker Hill's New Hotel, opening June 1978. Features a photo of the hotel and lists amenities like 526 deluxe guest rooms, Grand Casino, and various restaurants.

Advertisement for Banco Nacional de Fomento. Features the text: 'U.S. \$ 20,000,000 medium-term loan unconditionally guaranteed by THE REPUBLIC OF ECUADOR'. Includes contact information for Westdeutsche Landesbank Girozentrale.

HOME NEWS

Public sector borrowing figure out to-day

BY MICHAEL BLANDIN

THE LATEST INDICATIONS of the Government's progress towards meeting its target for public sector borrowing will be given by the publication to-day of the figures for the second quarter...

Next Labour Government should abolish Lords

BY PHILIP RAWSTORNE

THE NEXT Labour Government should be urged to abolish the House of Lords, the Labour Party's national executive committee says in a statement published to-day...

Car exports still exceed imports

By Michael Blandin

THE SHARP rise in Britain's exports of cars and motorcars is highlighted to-day in a new study of the balance of external trade in U.K. industry...

Laker seeks better deal for Skytrain

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MAJOR CHANGES in the plan for low-fare Skytrain flights between London and New York will be sought by Mr. Freddie Laker, chairman of Laker Airways at a meeting in London to-day...

Perkins plans £9m engine

By Peter Cartwright, Midlands Staff

PERKINS ENGINES is spending £9m on plant and equipment to make a new diesel engine at its Peterborough, Lincs., factory...

Upsurge forecast in oil platform orders

BY DAVID FREUD, INDUSTRIAL STAFF

FURTHER CONFIRMATION that U.K. yards building oil platforms can expect a resurgence in orders in the next four years comes in the latest North Sea study published by the University of Aberdeen's Department of Political Economy...

Not as good

THE PROSPECT for concrete buildings are not as good. It is considered unlikely that any of them will be able to maintain a steady level of activity over the period...

Drink trade may win time

By Kenneth Gooding

THE WINE and spirit trade appears to have made a major breakthrough with its campaign to persuade the Government to grant a credit period on duty payments...

U.K. team wins FT trophy

BONN, Sept. 4.

TWO YOUNG U.K. executives won the European Management Championship near here at the weekend against competition from the national champions of Sweden, West Germany, Denmark, France and Ireland...

Panavia in bid to sell Tornado to Canada

BY MICHAEL DONNE

PANAVIA, the U.K.-West German-Italian group building the Tornado multi-role combat aircraft, is making a major bid to win an order from Canada...

IN BRIEF

Ulster 'swindle' Mrs. Jill Knight, Tory MP for Edgbaston, accused the Government of a 'massive cover-up' of an investigation showing the contracts by the Northern Ireland Housing Executive to builders for repair of bombed houses had resulted in about £1m going to the IRA in seven months...

Westward flies east

Mr. Peter Cadbury, Westward Television chairman, announced plans to start scheduled air service, Air Westward, from the West Country to Paris, Brussels and possibly Amsterdam and Brussels...

INDUSTRIALIST CONFIRMS £2m ORDER BECAUSE LEASE FINANCE WAS AVAILABLE

LEASE FINANCE FOR INDUSTRY

Table with 3 columns: Year, Sales, Increase in %

THE LAIRD GROUP LIMITED

Interim Results 1977 table with columns for Half year to 30 June 1977, Half year to 30 June 1976, and Year 1976

Notes An interim dividend of 1.46p net per ordinary Stock Unit (1976: 1.31p net) will be paid on 5 December 1977...

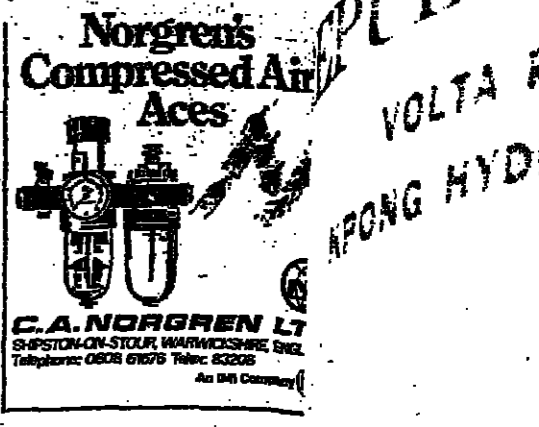
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PROCESSES

Fast X-ray film dryer

TO MEET the demands of high speed radiographic inspection in industry, particularly offshore, an X-ray film dryer has been developed which allows dry films to be viewed dry within minutes of exposure. It is not necessary to unload the film from the spool, and up to 3 metres of 70 mm wide film can be dried in a minimum of 2 min. 48 sec.

COMPONENTS

Better for the whales

ESTIMATES BY the World Wildlife Fund indicate that there are only 600,000 sperm whales left—a figure which the conservationists say endangers the species. These whales are hunted in particular for the spermaceti wax found in their heads.

HAND TOOLS

Gets a grip on things

MADE IN Sweden, of precision moulded glass filled propylene, a tweezer-pier with adjustable lock and self-opening handles is now available in the U.K.

COMMUNICATIONS

No-charge trunk calls

US. PRACTICE under which would-be users of nation-wide services can call many of them in without incurring the trunk call cost penalty (IN-WATS area code 800) is likely to spread rapidly throughout the U.S. and Europe with a Sharjah Group move to take an interest in Group 800, which is bringing this service into Europe.

MANAGEMENT

Business grasped at a glance

THE IDEA of key executives being in a position to know the status of all aspects of their business, on demand and with no delay, has long been a gleam in the eye of computer men. And if they felt they could afford it, no doubt the Boards of many companies would welcome such a panacea. Unfortunately, many such attempts, particularly in large companies, have assumed the qualities of a Pandora's box.

METALWORKING

Faster work with sheet

AT THE Hanover machine tool exhibition in September (20 to 23), Trumpf and Company, of Stuttgart, West Germany, will be introducing three machines for high-speed sheet metal work. All are computer numerically controlled (CNC), and the company is also launching a programming aid for numerical controllers. This is a mini computer which translates computer language to a language which varies, depending on the requirements of the particular machine tool concerned. It is available with software for various machine tools.

Quick tool setting

CALLED THE Checkmate machine has been designed off-line tool setting and inspection. It is claimed to allow 50 per cent checking and to pay for itself in a few weeks.

COMPONENTS

Quick-action closure

AVAILABLE IN standard diameters from six to 60 inches, a quick-action lightweight door closure has been developed for scraper traps, filters, strainers, scrubbers, heat exchangers and a range of industrial pressure vessels.

COMPONENTS

Lighting to suit mood

NOW IN full production for the Christmas trade is a device called the moodsetter which provides ambience of table lamps or standard lamps to give any required level of lighting.

Instead of time clocks

AN electronic time-keeping system for offices and factories has been launched by Automatic Revenue Controls (Europe). In place of the punch clock and card racks is a small wall mounted display unit, which normally shows the time of day. Each employee has a plastic card (like a bank cash card), or a nylon key (about car key size), which on arrival or departure is inserted in the wall unit.

INSTRUMENTS

Easy motor testing

A DYNAMETER test system for small electric motors made by Magtrol Inc. is offered on the U.K. market by Brookes and Green. Gomshall, Guildford, Surrey (048841 2956). The compact unit can dynamically test motors having torques up to 200 lbs ins. through their whole speed and torque range, including no load and stall conditions.

Lighting to suit mood

The unit consists of a heavy gauge aluminium housing with a control knob on the top. Light intensity is varied by rotating the drum-shaped cap of the control, and the lamp is switched on or off by pressing the cap. Maximum load is 400 W. Particular attention has been paid to eliminating radio frequency interference, a problem with some dimmers.

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Lighting to suit mood

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PUBLIC... VOLTA... PONG HYDR...

CONTRACTS AND TENDERS

THE HASHEMITE KINGDOM OF JORDAN
JORDANIAN ARMED FORCES
ROYAL MEDICAL SERVICES
KING HUSSEIN MEDICAL CENTRE
Tenders are to be invited from experienced contractors for works associated with the modernisation and expansion of the Catering and Laundry facilities at the King Hussein Medical Centre, Amman.

UNITED REPUBLIC OF CAMEROON
National Electricity Company of Cameroun
NOTICE FOR INTERNATIONAL TENDERS FOR PRE-QUALIFICATION
Building of the Electric Network in the South-Central District
The National Electricity Company of Cameroun (SONEL) will invite bids for the building of an electric network—high and low voltage—in the South-Central District.

SUDAN RAILWAYS STORES DEPARTMENT
CONTRACT NO. 4925
Supply of Roof Trusses for two Bonded Warehouses
NOTICE
1. Controller of Stores, Sudan Railway, Atbara, invites tenders for the supply of the above Roof Trusses.

REQUEST FOR PREQUALIFICATION
The Indonesian Government, PN Batubara and PJKA have carried out preliminary studies related to an integrated coal mining and transportation project in South Sumatra intended to supply large quantities of coal to coal or dual-fired electric generating stations to be located in Java; the first phase of which would be 2 x 375 MW to come on stream in 1984/85. PN Batubara is the state-owned coal mining company and PJKA is the state-owned railway authority.

Handwritten signature: J. J. Philips

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Table listing U.K. Trade Fairs and Exhibitions with columns for Date, Title, and Venue.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table listing Overseas Trade Fairs and Exhibitions with columns for Date, Title, and Venue.

BUSINESS AND MANAGEMENT CONFERENCES

Table listing Business and Management Conferences with columns for Date, Title, and Venue.

LABOUR NEWS Leyland craftsmen discuss new group

By Arthur Smith, Midlands Correspondent. ATTEMPTS to unite all 14,000 skilled workers in Leyland Cars...

Dispute stops Sunday Express

By Our Labour Staff. PRODUCTION of the Sunday Express in London was hit at the weekend by unofficial industrial action...

Dock strike threatened

AN UNOFFICIAL dock strike could be called in the next few weeks in support of a 20 per cent pay claim.

The quest for a fair profit

THE REVIEW BOARD for the Government's Contracts has recommended that the overall target for return on non-competitive contracts should be established at 20 per cent.

Japanese Corporate Finance 1977-80

This new FT business report takes a detailed and practical look at important developments in the Japanese corporate financial system.

BOND DRAWING

Table for Bond Drawing with columns for Bond Number, Amount, and Status.

COMPANY NOTICES

TENDERS FOR GREATER LONDON RILLS... HEPPORTH CERAMIC HOLDINGS LTD.

PERSONAL

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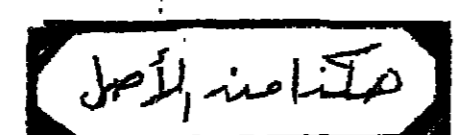
GALLIAPOLI RESTAURANT, 28 Old Broad Street...

DIAMONDS FOR INVESTMENT

Diamonds for investment... CHEMICAL BANK OF GREAT BRITAIN...

CLASSIFIED ADVERTISEMENT RATES

Table showing Classified Advertisement Rates for various categories like Industrial and Business Premises, Residential Property, etc.



AL-HABTOOR ENGINEERING ENTERPRISES advertisement with contact details for Dubai and London.



fair

Building and Civil Engineering

BRICK IS BEAUTIFUL AND A LOT MORE, BESIDES.

The Brick Development Association, Winkfield, Windsor, Berks SL4 6DP. Telephone Winkfield Row (3447) 5651.

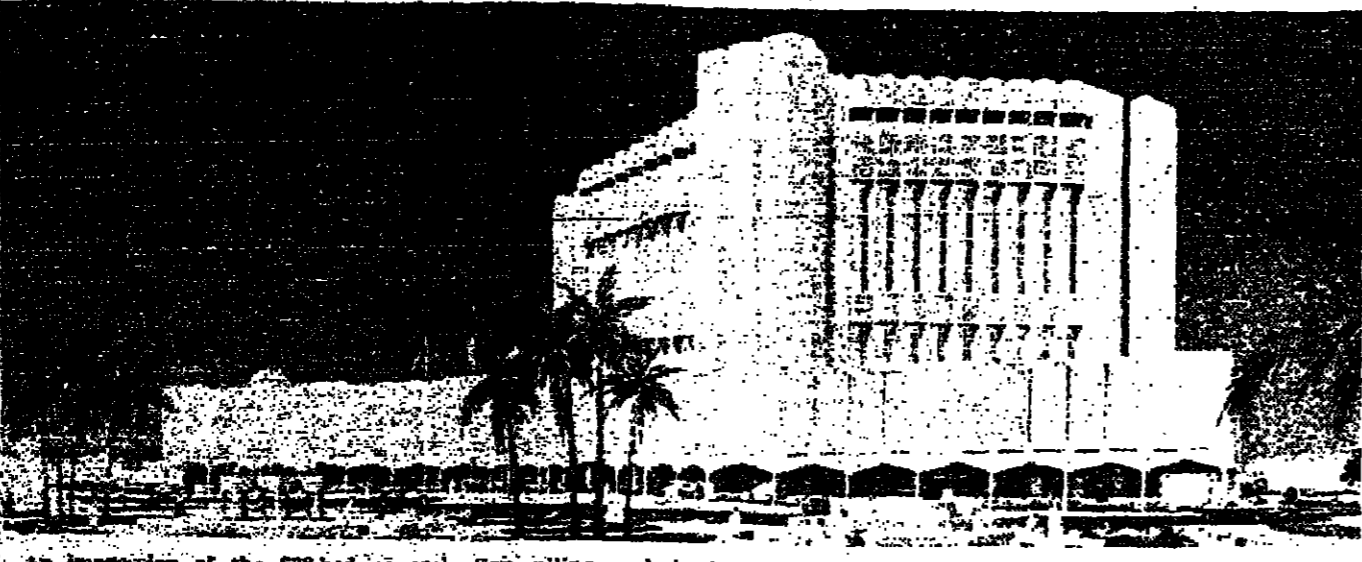
£1m. worth for Wood

OVER £1m. worth of work has been added to the order book of W. H. Wood (Hastings).

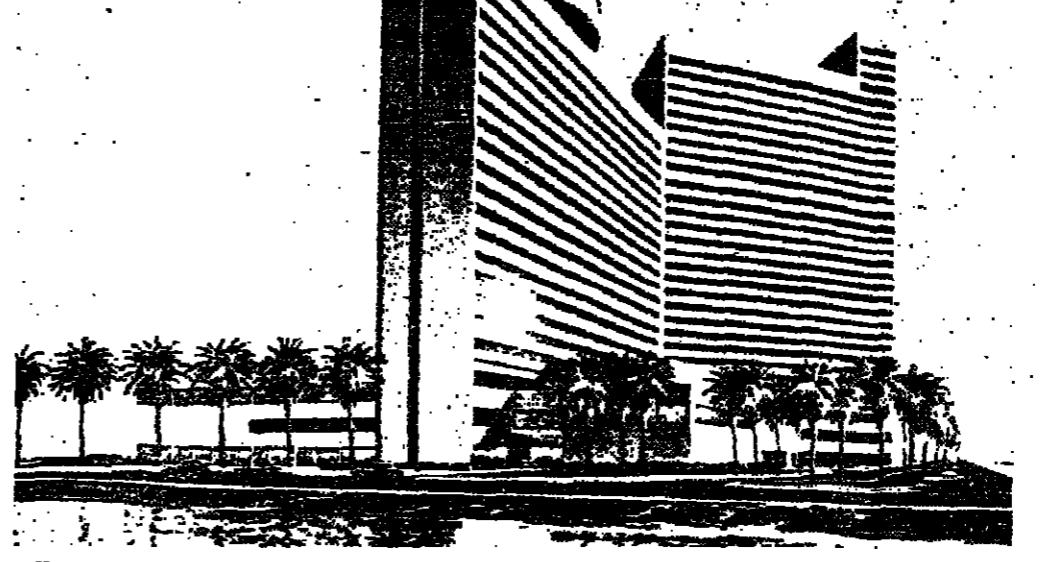
Most of it is accounted for by a housing contract at Monks Orchard Road, Shirley, Croydon. The £12,793 project is for the Kelsey Housing Association. The company is also undertaking a housing job for the Home Office at the prison at Northwe, Rehill, Sussex. Value of this is £207,724.

IN BRIEF

- An office building with a listed facade, 2 Duke Street, St. James's, London is to be refurbished under a £272,000 contract awarded to Bovis Construction by solicitors Amhurst Brown Martin and Nicholson. Work is to be completed by May 1 next year.
- West's Piling and Construction Company has been awarded its first contract for foundation piling in Eastern Europe, at Wloclawek in Poland by Lenz Projects (which is building part of a £180m. PVC manufacturing complex). The piling, worth about £75,000, is for a 600-foot chimney.
- Four contracts worth almost £1m. have been awarded to Henry Root, Larches in £488,000 for a warehouse at the Camburnsawd works of Thomas Case. A junior school costing £290,000 is to be built at Willenhall for Walsall Metropolitan Borough. The other three are foundation work for a feed mill complex at Stroud Glos., and a factory extension at Moundsburn, Glasgow.



An impression of the 638-bed general hospital, will start on the main building on September 20. Completion is due in three years. All rooms (with single, two or four beds) will have views of the harbour and sea. The hospital will also have a large accident and emergency department. There is even a helicopter platform on the roof. The main entrance hall, which will span the depth of the hospital, will contain shops and a bank. Apart from John Harris and Partners, which specialises in hospital design, other consultants are Upton Associates (services engineers), Wladell and Trollope (quantity surveyors), and R. J. Crocker and Partners (structural engineers). Last week Al-Habtoor Engineering Enterprises opened an office at 16, Berkeley Street, London, W.1.



Foundations for the £52m. Galadari complex overlooking Dubai in the United Arab Emirates are nearly completed. This big project provides for 475 hotel rooms and suites, over 400 apartments, a revolving tower restaurant, a night club and sports centre, and this is an impression of it produced for Cementation International and Abdul Wahab Galadari, the joint contractors. The hotel will be managed by Hyatt International and architectural services are by 3D International Consultants, of Houston, Texas.

£7m. awards to Kier

Shoe Kier Group has won contracts worth over £7m. for work in the U.K.

Robert Marriott, a group company, has received a £2.5m. contract from Northampton Development Corporation to build 256 flats. Kier, another group member, has been awarded a £1.2m. contract by the London Borough of Enfield for the construction of 123 houses and flats in the borough.

£5m. orders for Budge

THREE CONTRACTS totalling £5m. have been won by A. F. Budge (Contractors).

For Durham County Council, the company is undertaking a reclamation scheme at Mainsford Colliery, Ferryhill. It involves the partial removal and reshaping of a 200 ft. high spoil heap covering 350 acres. The surrounding area will be stripped of topsoil and subsoil and the 2m. cubic metres of waste will be spread over the exposed area. The site will then be contoured and topsoiled and returned for agricultural use.

£1.2m. hotel and shop contracts

Other jobs are for Amber Fashions in London, Newcastle and Manchester (design consultant is Nicholas Eberington-Smith) and for Peter Lord which is to have two shoe shops fitted out, one in Folkestone and the other in London.

Bank and computer centre

CONTRACTS valued at £31m have been awarded to J. Jarvis.

For the National Westminster Bank the company is reconstructing and modernising its premises in King Street, Manchester. The architect is Reynolds and Scott.

R. Durnell gets spread of work

OFFICES at Sevenoaks, Kent, for International Caledonian Assets, are to be built by R. Durnell and Sons at a cost of £300,000.

Also in Kent, at Tunbridge Wells, Durnell is to build flats for the Humanist Housing Association under a £222,175 contract.

These contracts, plus several others, which include a school, a new steel and concrete youth centre and an agricultural centre, suspended ceiling and gallery hostel, bring the total value of work awarded to about £1.2m.

Conversion work by Wates

FOUR housing contracts together worth over £1m. have been won by Wates Special Works.

The largest (£565,951) has been awarded by the Property Services Agency and covers the improvement of married quarters on the Greenhill Estate of Woolwich Garrison. Twelve 2-storey terrace blocks will be converted into 48 modern homes.

Invest in 50,000 better tomorrows!

50,000 people in the United Kingdom suffer from progressively debilitating MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE.

Please help—send a donation today to: Room F.1, The Overseas Society of G.E. and N.I., 4 Tachbrook Street, London SW1 1RS.

Encouraging further development

ENTRIES are expected from 14 countries in Western and Eastern Europe for the 1978 Europrelab System Building Golden Trophy Prize awarded for buildings or building complexes which, in the opinion of an international panel of judges, are most significant for the further development of industrialisation and building technology. There are three categories: housing, non-housing and civil engineering.

Even these days, you can get accommodation for under tuppence a week.

From Terrapin. Assuming full taxation benefits and a long rental period can hire, for instance, a 4000 sq. ft. office for about half the chase price.

And we'll provide a building to your specifications—be for two storeys and fully equipped.

With Terrapin you can contract here you could still be paying today's rate for your accommodation in five years.

Conversion work by Wates

At the former RAF fighter base, North Weald, Essex, the officers' mess is to be converted into hostel accommodation for homeless families under a £18,381 contract from Espine Forest District Council while on the Woodbridge Estate, Islington, 14 Victorian houses are to be converted at a cost of £231,621 into 26 modern homes.

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Wates has also won a £360,000 contract to cover the first phase of converting the former United Service Club in Pall Mall, London, into headquarters for the Institute of Directors.

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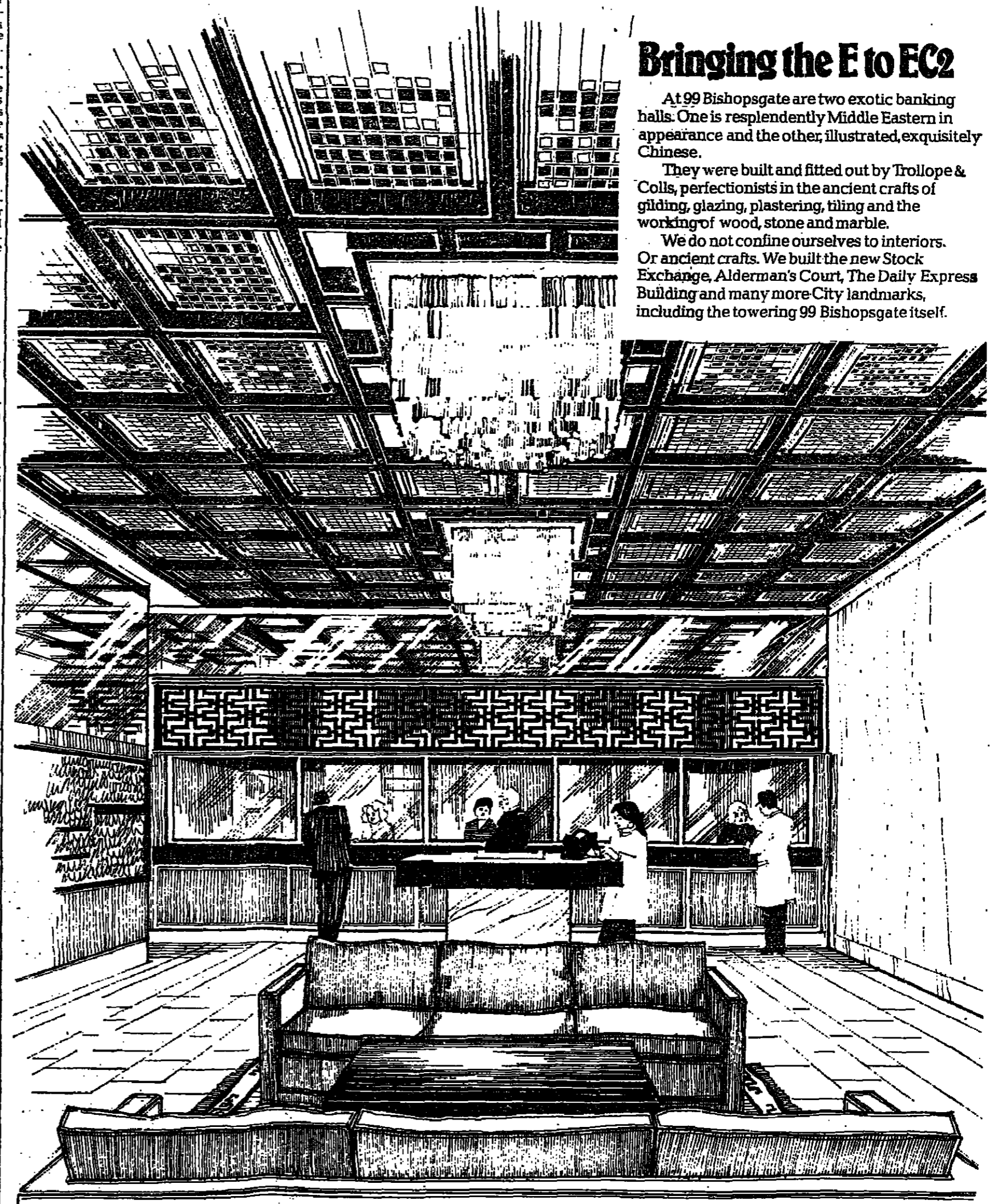
TERRAPIN

We accommodate you to a "T"

01 7215 7551-1

Conversion work by Wates

Wates has also won a £360,000 contract to cover the first phase of converting the former United Service Club in Pall Mall, London, into headquarters for the Institute of Directors.



Bringing the E to EC2

At 99 Bishopsgate are two exotic banking halls. One is resplendently Middle Eastern in appearance and the other, illustrated, exquisitely Chinese.

They were built and fitted out by Trollope & Colls, perfectionists in the ancient crafts of gliding, glazing, plastering, tiling and the working of wood, stone and marble.

We do not confine ourselves to interiors. Or ancient crafts. We built the new Stock Exchange, Alderman's Court, The Daily Express Building and many more City landmarks, including the towering 99 Bishopsgate itself.

TROLLOPE & COLLS

Trocoll House, 25 Christopher Street, London EC2. Tel: 01-247 7666.

STODDARD HOLDINGS LIMITED

(Carpet Manufacturers)

GROUP RESULTS FOR THE YEAR ENDED 31ST MAY 1977

TURNOVER	1977 £900 18,443	1976 £800 17,025
TRADING PROFIT	1,961	1,300
Loss on Exchange (1976-Profit)	17	(242)
Depreciation	230	251
Finance Charges	328	237
TRADING PROFIT BEFORE EXCEPTIONAL PROVISION	1,310	964
Exceptional Provision (see Note 1)	147	-
Associated Companies	1,163	964
	18	(12)
PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEM	1,161	962
Overseas Tax	11	30
Deferred Tax	607	411
PROFIT BEFORE EXTRAORDINARY ITEM	563	481
Extraordinary Item (Note 2)	46	-
PROFIT AFTER EXTRAORDINARY ITEM	517	481
DIVIDENDS AND RETAINED PROFITS		
Preference dividend paid	10	10
Ordinary and 'A' Ordinary Interim paid 7th April 1977-0.5180p (1976-0.4692p)	41	38
Final proposed-0.742 (1976-0.7038)	64	56
Profits retained	715	104
	402	377
	517	481

CAPITAL EMPLOYED		
Ordinary and 'A' Ordinary Shares	2,000	1,000
Preference Shares	300	300
Reserves and retained profits	4,159	4,737
	6,458	6,037
Deferred Credit	517	491
Loans	643	782
Deferred Taxation (Note 3)	2,033	1,535
	9,657	8,845

NET ASSETS		
Fixed Assets	4,193	4,221
Investments	46	28
Patents	519	409
Short term borrowings	(2,383)	(1,647)
Current Assets less Liabilities	7,282	5,934
	9,657	8,845

EARNINGS PER SHARE		
before tax	14.6p	11.5p
after tax	6.9p	5.9p

NOTES: 1. EXCEPTIONAL PROVISION
On 16th August 1977 a Receiver was appointed to a major customer. Since the customer's holding company is also in Receivership the Directors have considered it prudent to provide in full against all amounts owing, notwithstanding that these events occurred after the Balance Sheet date.

2. EXTRAORDINARY ITEM
Purchase of Patents, less taxation relief.

3. DEFERRED TAXATION
In the absence of clear guide lines from Accountancy bodies, Deferred Tax has continued to be provided on a consistent basis. In the opinion of the Directors, however, the amount now provided is substantially in excess of any likely liability to tax in the foreseeable future.

COMMENTS BY THE CHAIRMAN, SIR ROBERT A. MACLEAN
Despite quieter trading in the home market during the last few months of the year than had been expected, turnover has increased by 14% overall and by more than 42% in export markets, which now account for 37% of group sales.

Over the last year both raw material and factory costs have continued to rise, necessitating in turn several price rises in our products. Management at all levels continues to strive for maximum economies in operating costs and plant utilisation.

Despite hesitancy in the home market, the company continues to have faith in the long term future of the industry and though new investment plans are moderate compared to those of some recent years, no less than £500,000 has been approved by the Board for further plant and buildings.

During the year, and at short notice, the Government withdrew the Regional Employment Premium, which in our case amounted to over £200,000 a year. This has been the cause of some considerable concern, as it was regarded by us, as by many others in Scotland, as an offset against the higher cost of transport incurred in servicing the main markets of the South or in longer hauls than those experienced by Southern based companies to Liverpool, Southampton and other ports from which our exports are shipped. We deplore this apparently ill-considered Government decision, as it must adversely affect many concerns operating in the perimeter Development Areas, particularly Scotland.

Before arriving at the results, an exceptional provision of £147,000 was made against the total debt owing by a major customer. As only a few months earlier the customer concerned had received substantial financial assistance from Equity Capital for industry in whose judgment our Board placed some considerable confidence, trading on a large scale continued which in other circumstances would have been subject to restriction. One can only express surprise that a company which was judged worthy of substantial financial support from Equity Capital for industry should go into receivership so soon afterwards.

In comparing the pre-tax profit with that of the previous year an increase of 23% has been achieved despite the withdrawal of Regional Employment Premium, the absence of comparative substantial exchange gains, and quite exceptional provision for the potential bad debt referred to above. The result reflects the growing strength of the group in its trading operations.

The Board recommends a Final Dividend of 0.7942p which, together with the Interim Dividend of 0.5180p, makes 1.3102p for the year, being an increase of 10% or the dividend paid last year, which is in conformity with current dividend restraint.

Subject to approval at the Annual General Meeting the Final Dividend will be payable on 1st December, 1977, to shareholders on the Register at the close of business on 14th October, 1977.

31st August, 1977

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

MOORGATE MERCANTILE HOLDINGS LIMITED

(Incorporated under the Companies Acts 1948 to 1967)

SHARE CAPITAL

AUTHORISED £3,500,000

ISSUED & FULLY PAID £1,528,275.40p

In Ordinary Shares of 10p Each.

The Council of The Stock Exchange has restored the listing of the Company's issued share capital.

Full particulars of the Company are available in Extel Statistical Services Limited, and copies may be obtained during normal business hours (Saturdays excepted) up to and including 18th September 1977 from:

JOSEPH SEBAG & CO.
Rucklery House,
3 Queen Victoria Street,
LONDON, EC4N 8DX

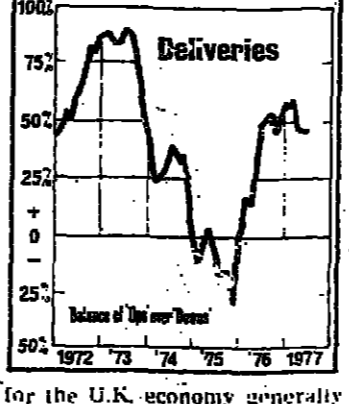
FT Monthly Survey of Business Opinion

© Statistical Material Copyright Taylor Nelson Group

GENERAL OUTLOOK

Confidence evenly balanced

INDUSTRIAL CONFIDENCE is currently in a rather uncertain state—reflecting some of the wider doubts about the economy. The overall index showing the balance of companies more optimistic about their prospects over those less optimistic compared with four months ago shows virtually no change this month. It is significant that over half the companies take a neutral stance on this question. Within the three sectors interviewed this month, the larger engineering companies tend to be less optimistic because of the continued absence of a significant upturn in the U.K. economy. Optimism about the prospects



but there are a number of specific comments about the uncertainties at present on pay policy. The one clearly optimistic feature of the survey remains exports where the proportion of companies expecting exports to be higher during the next 12 months is still at a very high level. However, the percentage of companies in the engineering sector which are more inclined to expect exports to remain the same rather than to increase is greater than last April. Companies in all three sectors show a greater inclination to mention price competition and the erosion of the exchange rate advantage.

GENERAL BUSINESS SITUATION

4 monthly moving total August 1977

Are you more or less optimistic about your company's prospects than you were four months ago?	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
More optimistic	32	32	39	37	10
Neutral	55	56	50	52	78
Less optimistic	13	12	11	11	74

EXPORT PROSPECTS (Weighted by exports)

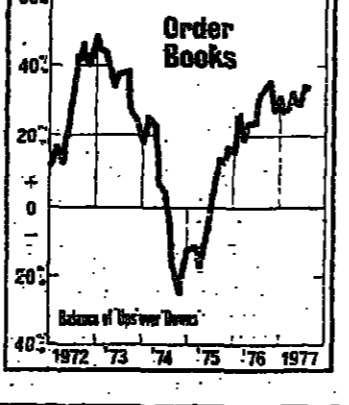
4 monthly moving total August 1977

Over the next 12 months exports will be:	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
Higher	89	89	87	87	86
Same	7	7	8	11	14
Lower	3	3	4	2	—
Don't know	1	1	1	—	—

ORDERS AND OUTPUT

Slow recovery in demand

A SLOW RECOVERY in both demand and output is indicated by the latest survey. The index of the trend of new orders over the last four months has stabilised after declining during the previous three months; there has been an especially strong advance in the paper and connected sector. This pick-up in demand has boosted order books through three-quarters of the engineering companies report unchanged order books and this indicator shows virtually no change overall compared with last month. Ground regained



Projections of production/sales turnover also shows the paper and connected sector to be both more optimistic than when last surveyed in April and the most bullish overall. The result is that the median expected rise in production has recovered some of the ground lost last month.

NEW ORDERS

4 monthly moving total August 1977

The trend of new orders in the last 4 months is:	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
Up	53	52	55	57	60
Same	20	22	22	24	13
Down	15	18	14	14	27
No answer	12	8	7	5	—

PRODUCTION/SALES TURNOVER

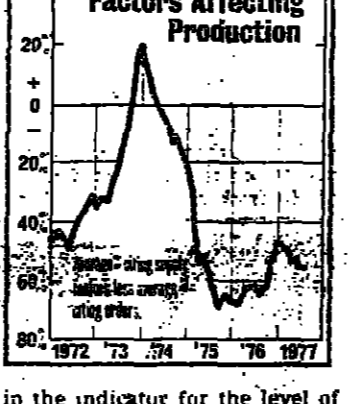
4 monthly moving total August 1977

Those expecting production-sales turnover in the next 12 months to:	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
Rise over 20%	2	2	2	3	—
Rise 15-19%	5	5	6	4	—
Rise 10-14%	17	19	23	20	16
Rise 5-9%	32	28	26	27	40
About the same	38	40	37	40	43
Fall 5-9%	—	—	1	1	—
No comment	6	6	5	5	1

CAPACITY AND STOCKS

Orders the main restraint

A SHORTAGE of orders continues to be the main factor holding back production with a slight increase in the number of references to a lack of export orders. But a few supply factors are now beginning to feature more prominently—in particular there has been a noticeable increase in the last month in the proportion of companies in all three sectors mentioning labour disputes. But in some cases there is the fear of trouble rather than its appearance so far. Several companies have referred again to difficulties in getting or keeping skilled labour because of pay restraint. There has been little change



that a majority of companies are working at planned output levels may merely indicate that a low level of activity has been planned (well below actual production capacity) to reflect expected demand. The recent depressed level of sales is reflected in the slight increase in the proportion of companies saying their level of stocks is too high. This view is most marked among some larger engineering groups. In general more companies expect their stocks of raw materials and finished goods and of work in progress to rise during the coming 12 months.

STOCKS

4 monthly moving total August 1977

Raw materials and components over the next 12 months will:	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
Increase	32	26	27	27	17
Stay about the same	45	51	54	57	56
Decrease	12	12	10	15	27
No comment	11	11	7	1	—
Manufactured goods over the next 12 months will:	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
Increase	36	31	34	27	16
Stay about the same	35	40	45	56	40
Decrease	8	8	8	4	28
No comment	21	23	16	13	16

CAPACITY WORKING

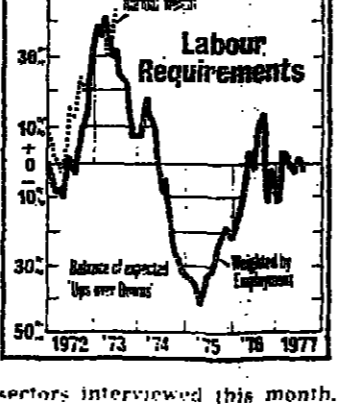
4 monthly moving total August 1977

	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.	Paper
	Aug.	July	June	May	(non-elec.) Distils.	
Above target capacity	14	15	10	11	6	20
Planned output	69	68	72	62	61	39
Below target capacity	16	14	15	23	33	61
No answer	1	3	4	—	—	—

INVESTMENT AND LABOUR

Caution over jobs and spending

THE SURVEY yet again provides little hope of an early halt to the rise in unemployment. There has been a continuation of the pattern of the last few months with a roughly equal balance between those companies expecting to increase their labour force during the past 12 months and those projecting a decline. The prospects for capital investment are also rather disappointing as the proportion of companies expecting expenditure to rise in volume during the next 12 months and those inclined to decline. Among the



both the engineering and brewing and connected sectors are less inclined than previously to project a rise in expenditure although there was some improvement in the paper sector. While in some instances investment represents genuine expansion, in many cases substantial projects involving the replacement or upgrading of existing facilities. All three sectors are more inclined to say their liquidity levels are too low in relation to requirements than when last questioned in April and this indicator has fallen back sharply.

FACTORS CURRENTLY AFFECTING PRODUCTION

4 monthly moving total August 1977

	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
Home orders	82	85	81	82	93
Export orders	52	49	44	44	86
Executive staff	19	21	26	23	12
Skilled factory staff	23	22	19	16	81
Manual Labour	6	4	4	4	53
Components	2	4	4	3	—
Raw materials	10	12	12	12	—
Production capacity (plant)	11	15	6	8	—
Finance	—	1	2	1	—
Others	8	8	7	6	14
Labour disputes	18	11	13	12	53
No answer/no factor	5	6	6	7	—

LABOUR REQUIREMENTS (Weighted by employment)

4 monthly moving total August 1977

Those expecting their labour force over the next 12 months to:	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
Increase	18	20	20	23	26
Stay about the same	62	62	57	53	43
Decrease	19	18	23	24	31
No comment	1	—	—	—	—

CAPITAL INVESTMENT (Weighted by Capital Expenditure)

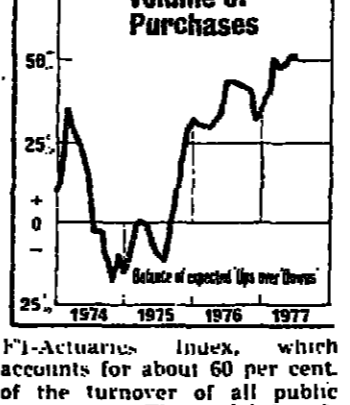
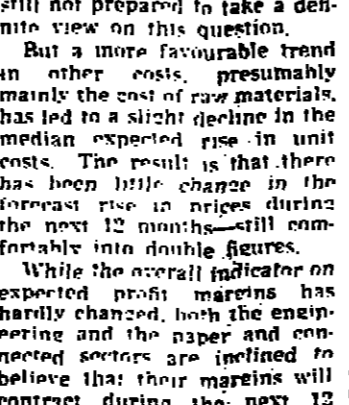
4 monthly moving total August 1977

Those expecting capital expenditure over the next 12 months to:	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
Increase in volume	46	52	59	57	38
Increase in value but not in volume	10	6	6	6	15
Stay about the same	12	13	12	10	—
Decrease	20	27	22	26	47
No comment	2	2	1	1	—

COSTS AND PROFIT MARGINS

Wages to rise over 10%

in the late summer of 1976. But a quarter of the sample are still not prepared to take a definite view on this question. But a more favourable trend in other costs, presumably mainly the cost of raw materials, has led to a slight decline in the median expected rise in unit costs. The result is that there has been little change in the forecast rise in prices during the next 12 months—still comfortably into double figures. While the overall indicator on expected profit margins has hardly changed, both the engineering and the paper and connected sectors are inclined to believe that their margins will contract during the next 12 months. These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with non-essentialist about their companies' situation and prospects. Three industries add some 30 companies are covered in 30 stands at 121 per cent, compared with a range of 7 to 8 per cent.



COSTS

4 monthly moving total August 1977

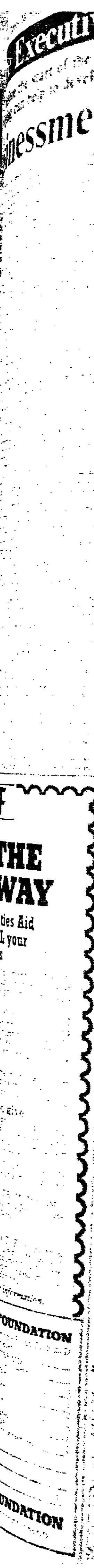
Wages rise by:	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
0-4%	—	—	—	—	—
5-9%	17	18	18	27	14
10-14%	44	39	40	31	44
15-19%	10	7	6	3	56
20-24%	2	2	—	—	—
25-29%	1	1	—	—	—
No answer	26	33	38	32	—
Unit cost rise by:	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
0-4%	3	2	—	—	—
5-9%	15	14	14	13	27
10-14%	48	49	55	46	63
15-19%	19	21	14	20	9
20-24%	4	5	5	6	—
No answer	11	9	12	12	—

PROFIT MARGINS

4 monthly moving total August 1977

Those expecting profit margins over the next 12 months to:	May	Apr.	Mar.	Feb.	Eng's. Brews. & Distils.
	Aug.	July	June	May	(non-elec.) Distils.
Improve	47	48	52	45	20
Remain the same	35	32	30	37	47
Contract	14	14	13	13	33
No comment	4	4	5	5	—

Handwritten signature or mark.



The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

Week before the start of the America's Cup, DAVID DIEHL explains how yachting can help to develop entrepreneurial skills—notably the art of delegation

Businessmen set sail for success

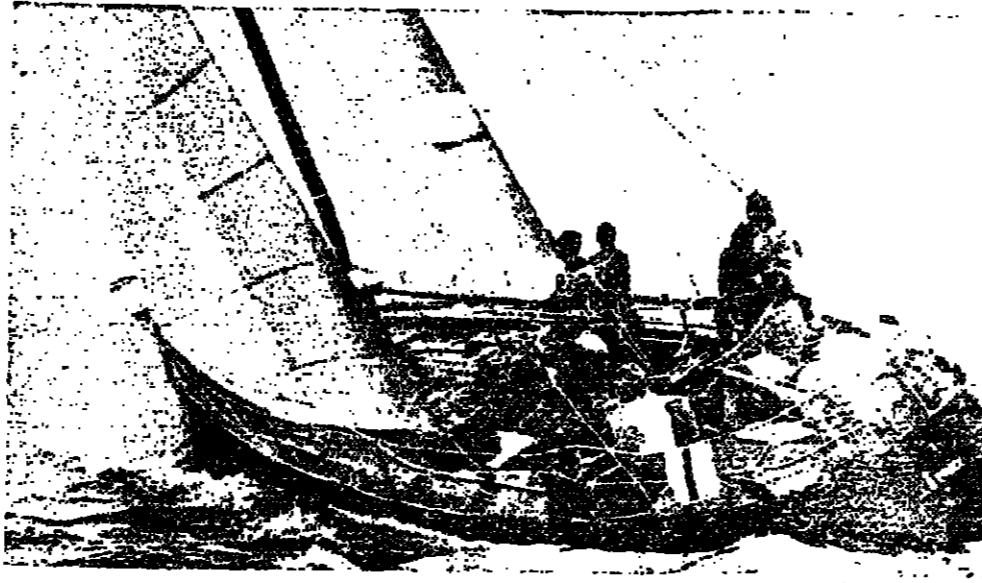
AT wonderful breed of men start with nothing and then get into deep water as the company grows, because they cannot delegate responsibilities to others.

How can the self-confident entrepreneur learn the art of delegation? The answer, I am convinced, is to take up complementary sailing.

For most people, sailing is not unlike starting a business. One's first, hesitating step is usually an apprenticeship in someone else's boat. The more daring actually will feel the urge to do their own thing and buy a small dinghy easily run by one person. Here two arms, strong teeth, dexterous toes and the ability to do several things at the same time will enable the new "chief executive" skipper to steer his 14 foot dinghy successfully over troubled waters, and even win a few races. But beware! A dinghy is usually only the start of things to come.

As experience grows and perhaps advancing age dictates, the thrill of dinghy sailing, with cold water everywhere and no place to dry off, soon palls, and one envies the sleeker, larger sail boat complete with keel, cabin, bunks, toilet and galley, and before one knows, one is the owner of a small yacht. Again, extreme agility and the luck of avoiding unexpected storms, and an occasional helping hand from wife, child, or friend, will still enable one to do most things oneself, but damn it, one isn't winning any races! Well, perhaps Tom might sail with me next weekend. He was a crew on that successful 24-footer last year, and may be better at putting up spinners than I am, even though I will still be doing the steering, and dictate the overall tactics.

By this stage, the new skipper has already learnt a difficult step in delegation. He can't be at the blunt end holding the spinnaker work referred to earlier. By now the spinners may well be over 1,000 square feet in size, and there could be five or six on board, requiring hair-raising sail changes as wind strengths increase. Only very young men can do this task, and hysterical screams from 40 feet away won't help. The boys up there are alone and



They fail to attract good crew and if they do, their shouting and continued interference drives the crew away to other boats. Given however, that the owner of the smaller boat has won a race or two, and completed a few successful passages on the high seas, he will soon aspire to bigger things and in no time a really large—and at first horrifyingly complicated—ocean racer will be lying at the marina.

The boss is now really in the big time. A large yacht is very like a modern business. It is capital intensive and full of complex machinery—to be successful needs the harmonious integration of a great deal of varied skills, albeit under the command of one leader on whom ultimate responsibility for difficult decisions must rest.

Now the skipper will really begin to learn the need for delegation. If he can afford a larger yacht he probably is no longer quite so young, yet certain functions on a boat need immense strength and lightning-fast reactions, particularly the spinnaker work referred to earlier. By now the spinners may well be over 1,000 square feet in size, and there could be five or six on board, requiring hair-raising sail changes as wind strengths increase. Only very young men can do this task, and hysterical screams from 40 feet away won't help. The boys up there are alone and

Co-ordination

Nevertheless, his overall knowledge will enable him to step in and lend a vital hand whenever this is needed, whether at the helm, grinding in a winch, or taking a radio fix down below. He again must sense the possible damaging effect of friction, perhaps between foredeck and cockpit crew, and pour soothing oil before a row upsets boat performance. Finally, he must face the unpleasant realisation that in the early stage of putting a top boat crew together, some men will prove insufficiently skilled for the task allocated to them, and will have to be given other things to do—or be replaced altogether by others.

Thus, a larger boat with a big crew is the very quintessence of a corporate organisation, where the successful boss moves away from being a skilled doer of individual tasks to a selector of other experts whom he then directs.

Owning a yacht may help greatly to accelerate the entrepreneur's learning cycle, as well as providing an immense amount of fun and possible fame in the process. It may even be cheaper than attending the Harvard Business School!

The author, an experienced yachtsman is managing director of Heidrick and Struggles Inc.

Power

ASTMS considers, therefore, that it is a logical consequence that it should be the union to represent workers responsible for operating the computer process—with the consequent bargaining power these members provide.

It would only need one in ten of the computer installations in Britain to stop working and virtually all services, Government, and industry would be paralysed, claim Jenkins and Sherman. This is the extent to which computers are already a dominant factor in people's working and private lives.

So the staff responsible for operating this technology has the ability to disrupt speedily and deeply a wide range of areas outside their immediate sphere of control. It is the speed of effect, rather than size of disruption which other key workers also have, that give computer staff the edge, believe Jenkins and Sherman. "In industrial disputes this difference is vital," they argue. "A short, sharp dispute is far preferable to one which may drag on for months—preferable in all senses."

COMPUTER POWER BY DAVID CHURCHILL

Union with its digits on the country's pulse

COMPANIES HOPING that the rebuff of Mr. Clive Jenkins and his union at the hands of IBM's 30,000 U.K. employees last June marked the end of its expansion into the computer industry will be sorely disappointed.

Not only has IBM's reaction done little to stop the Association of Scientific and Technical and Managerial Staffs gobbling up small groups of data processing staff, but according to a new book by Mr. Jenkins and ASTMS research director Barrie Sherman, the union has no future outside the computer industry.

With the same shrewdness that enabled the ebullient Welshmen to latch onto the move towards union representation in the white collar sector in the 1960s, in the process virtually creating what is now the largest white collar union in private industry, the ASTMS general secretary now believes that the growth of computers will be the single most important factor in the business world in the coming decades.

It is clear that Mr. Jenkins' philosophy—and his resulting union—develops, they say, depends on who controls them. It is a question, according to the authors, of not only whether computers will be used for good or evil in the classic result-orientated sense but whether they will be used to provide the greatest benefits for the greatest number or to exploit the greatest number.

Britain has an advantage over such countries as the U.S. in that applications of computer technology have not become so widespread that we cannot learn from others' mistakes.

Growth

The authors argue that Britain's system can survive—but only after radical political, economic, and social changes have taken place to overcome the effects of rapid computer-inspired technological growth. "Computers are at the root, trunk, branch and twig of the probable technological explosion."

There is a key role to be played by unions, believe Jenkins and Sherman. Instead of fighting against change, they must help overcome the inherent Protestant work ethic and bring about radical changes in both work and leisure patterns. This means growth in the concept of work sharing, a four day week or less, earlier retirement, and many other measures designed to use increased leisure to take the sting out of technological growth. A leisure revolution, in fact, to replace the industrial revolution. "This enlightened concept depends on the distribution of the benefits obtained by computers so that they can be used for the majority of people, and, as we have seen, socialism of sorts is the only method by which this can be achieved."

Debate

ASTMS would refute any suggestion that its philosophy of building union strength in the computer industry is simply based on a lust for power. A large part of the authors' analysis of data processing indicates a clearly felt need to open a debate on "this under-explored, under-argued area which must greatly exercise if not us, then our descendants."

Computer usage can become "a force for good or a force for evil." As a humane Dr. Jekyll, it can aid production, open new horizons, reduce prices, and create work. But as a treacherous Mr. Hyde it can also destroy jobs and careers, damage democratic processes and abolish individual privacy, the authors claim.

For example, a company's annual turnover needs services of a qualified accountant. Production may be largely in the hands of a manager with relevant experience and training while the executive will retain control of planning and setting, and probably the primary function, that is negotiating the cash needs to finance any expansion. If the manager is an engineer himself, he may retain direct control of production, but need delegate marketing.

Delegation

Other than deciding what to do, the real problem most entrepreneurs face is the difficulty of delegating. If I leave it to Joe, it's gone. Few entrepreneurs overcome this mental hurdle in their own growth and their own result may well be a total loss of control, and less performance in the functions. The founder can't split his time. If he does not split the time of delegation, his company will founder and either remain a pitiful straggler in profitability terms, or be the victim of a takeover by a larger and more sophisticated company.

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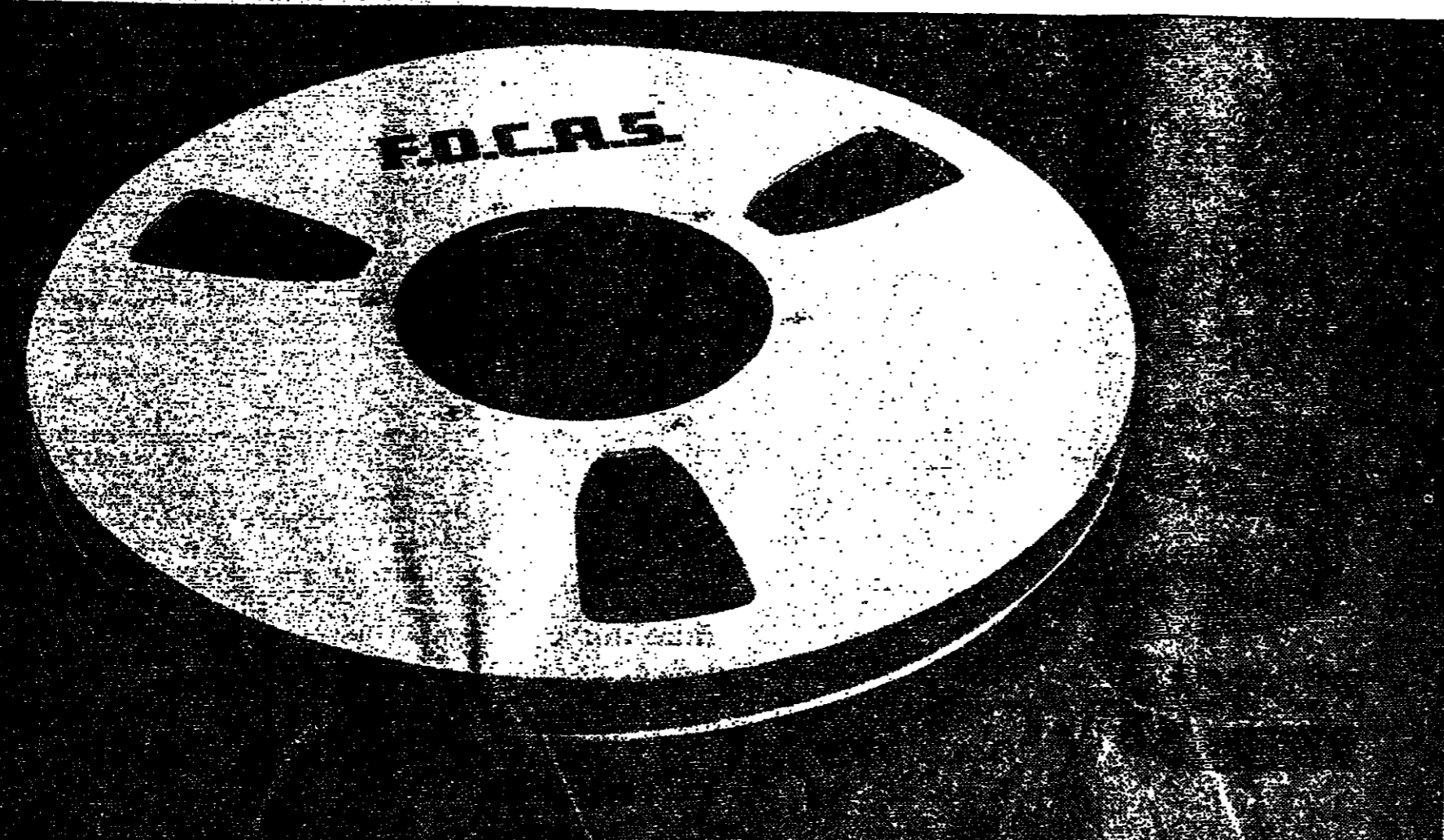
FINANCIAL TIMES SURVEY

Monday, September 5, 1977

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Commercial Vehicles

Although the market for commercial vehicles has been improving, this may owe more to unit replacement than new demand. Nonetheless, if the general economic recovery continues, so should commercial vehicle sales, and manufacturers are now turning their attention to long term market prospects.



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COMMERCIAL VEHICLES II

Sales rise but anxieties remain

THE ONE big cloud on the horizon of the British commercial vehicle industry at the moment is the fear that inflation will receive a new boost from the lack of a Phase Three wages agreement. A period of high interest rates and budgetary restrictions would stunt growth once again just as the industry is building up a fair head of steam. The anxiety is that manufacturers will be hit hard as they were in 1974 and 1975, when they suffered acutely from the dip in demand as company liquidity declined and their own prices rocketed upwards.

The main factor in the present rise in sales is probably the need for replacement of vehicles which have been given a longer than normal spell on the roads. During the slump the replacement cycle moved out of step as hard-pressed hauliers held off from new purchases. But a point comes when this cannot be staved off any longer. At the same time, however, manufacturers believe that a small element of new sales has come back to the market with the recovery of hopes for industrial expansion. Given the still stagnant state of British industrial output, this feeling derives as much from hunch as from hard fact. But there is a clear feeling of optimism about prospects which could be dampened by a sudden upward lurch in wage inflation.

One important factor which commercial vehicle manufac-

urers are now having to consider in Europe is the prospect for overall expansion in the heavy commercial vehicle market during the next decade. Within this period a saturation point for heavy vehicles could well be reached. Even today, production of the heavyweight ranges is not much more than it was ten years ago, because the trend towards larger vehicles takes care of any growth in overall haulage demands. The vehicles, of course, become more complex and costly, with more added value as they grow more sophisticated to cope with the demand of carrying heavier loads. More materials go into them. But unit production stagnates.

Mergers

This is by now a familiar phenomenon in the U.S., where by far the biggest market growth in recent years has come from the light commercial vehicle sector. Pickups, vans and motor caravans have taken sales from the car sector as second vehicles. By contrast, the heavier vehicle sector has grown scarcely at all over the last five years, while light vehicles have expanded their sales by about 1m. units. So far, Europe has not followed the American example, although some analysts believe that it will do so in due course. But even if the van and pickup market does not take off to the same extent—European roads are probably less acceptable for the private use of these larger

vehicles—it is difficult to see rapid growth for heavier commercial vehicle sales. This partly explains the accelerating moves towards rationalisation which have overtaken the British and Continental manufacturers in the last ten years.

gradually abandoned. The other German manufacturers, like Faun and Kaeble concentrate on specialised products, along with two bus manufacturers, the Kassborer and Anwarter.

In France, a major move towards rationalisation has come with the amalgamation of the Renault subsidiary Savim, and the major producer of heavier vehicles in the country, and Berliet, formerly a subsidiary of Citroën. Unic, the other sizeable producer of heavy vehicles, is already part of the Fiat-inspired Iveco group, so although the Savim-Berliet merger is still in its infancy, the main steps towards a slimmed-down industry seem to have been taken. Peugeot is, however, still in the light van ranges, along with Chrysler and Sovam. Domestic commercial vehicle production in Italy is dominated by Fiat, which has a virtual monopoly apart from a few light vehicles from Alfa Romeo. But in Britain, there is still a wide diversity of producers, despite the moves towards amalgamation which began in the mid 1960s. British Leyland, based on the former Leyland trucks

company, has been the main catalyst in this development, setting its seal on its pre-eminence with the takeover of Magirus Deutz and Volvo-AEC. The group today encompasses the old businesses of these two major manufacturing medium weight trucks, along with Guy, Scammans, has been absorbed by

Two other of the smaller U.K. producers, Seddon and Atkinson, have also come together, to be taken over in due course by International Harvester, the U.S.-based manufacturer which claims to be the biggest commercial vehicle company in the world. But ERF and Fordens still remain independent quoted companies, and Britain also boasts sizeable truck operations at Ford, Bedford (the Vauxhall subsidiary) and Chrysler. In addition, Dennis Motors, after its takeover by Hestair, is now making a strong comeback from near extinction with a range of new specialised products. The effect of these moves towards bigger conglomerations of truck builders has been to increase the pressures to sell internationally. All markets in Europe have come under increasing attack from outside manufacturers in the last decade, partly because of the reduced tariffs and the extra incentive to sell overseas, and partly because customers have welcomed the diversity of choice which has been reduced by internal mergers and can

only be replaced by overseas and Volvo exported only about 600 vehicles to Germany between them (3,200 in the U.K.).

Competitor

The big anxiety for U.K. producers is that with the market increasing at home they will not have sufficient available capacity to tackle their inherent weakness in Europe. The latest predictions from the industry suggest that the U.K. market will rise in the heavier vehicle categories of over 2.5 tonnes this year from a volume of 57,500 last year to about 63,000. Next year some companies are predicting a further increase to about 70,000 units. But already the rise in imports is presenting disturbing evidence that U.K. productive capacity is not geared to cope, and there are serious doubts that the industry can increase output rapidly enough for the boom next year. At the same time there will be considerable pressure to increase production for export to the rest of Europe. Forecasts for sales in Germany, France and Italy suggest that in 1975 were reckoned at no more than 12,000 units (against 30,000 in the U.K.), and Spain by an average of about 7 per cent. The key to British success in tackling these markets at home and overseas is that with the market increasing at home they will not have sufficient available capacity to tackle their inherent weakness in Europe. The latest predictions from the industry suggest that the U.K. market will rise in the heavier vehicle categories of over 2.5 tonnes this year from a volume of 57,500 last year to about 63,000. Next year some companies are predicting a further increase to about 70,000 units. But already the rise in imports is presenting disturbing evidence that U.K. productive capacity is not geared to cope, and there are serious doubts that the industry can increase output rapidly enough for the boom next year. At the same time there will be considerable pressure to increase production for export to the rest of Europe. Forecasts for sales in Germany, France and Italy suggest that in 1975 were reckoned at no more than 12,000 units (against 30,000 in the U.K.), and Spain by an average of about 7 per

Terry Dodds
Motor Industry Correspondent

Japanese advance arouses criticism

TO-MORROW representatives of the Society of Motor Manufacturers and Traders will be meeting their Japanese counterparts to protest against the rising tide of Japanese exports to Britain.

This time, the object of their concern is not the car market but a closely related area of the business, the lighter end of the commercial vehicle market, including that covered by car-derived vans and pick-up trucks and other vehicles which, though not car-derived, compete head-on in the same sector.

The British industry's worries have been growing over the past two years, ever since an understanding on the sales of cars themselves in the U.K. was reached with the Japanese manufacturers. For once the Japanese industry had agreed to limit its car sales here it appeared almost straight away to look to light commercial vehicles to make up the sales growth it was voluntarily denying itself elsewhere.

To an extent, it is probable that the challenge in this sector would have come anyway. For Japan is one of the world's major producers of commercial vehicles. And, because of the country's road system, most of

Dominance

its output tends to be concentrated at the lighter end of the weight spectrum. Once Japan's cars had proved themselves there, it was only a matter of time before they would seek to extend their penetration of overseas motor vehicle markets. Indeed, in the U.S., where demand is very heavy, Japan already dominates a pick-up truck market in which the European industry had traditionally been a strong force.

In Britain, Japan is far from dominating the car-derived van and pick-up market. But the build-up in its sales has been very rapid indeed. In 1975, the Japanese were for the larger part of the year out of the market altogether. Toward its end, Datsun, the largest importer of cars into Britain, entered the fray. By the year's close, it had sold just 27 of its car-derived vans and pick-ups here, with 20 of them hitting British roads in December itself. That compared with overall imports of 7,205 vehicles over the 12 months and a total market of 71,674.

But in 1976, the story was very different. The total market fell to 70,818, yet imports rose to 10,233. And with Chrysler

France, the biggest importer, seeing its sales here fall by just over 1,500, the Japanese more than accounted for all the increase despite a slight advance also by Renault (from 1,316 in 1975 to 1,460).

Datsun brought in 3,506 car-derived vehicles, Honda spearheading its sales drive with a vehicle which is not actually car-derived but which is very much in the same sector, brought in 1,149 even though its first sales were not made until the end of July and the vehicle concerned, the TN 360 panel van and a related pick-up, was not formally launched until the autumn commercial vehicle show.

The Honda, one of the most significant vehicles at that show, has an overhead camshaft, largely aluminium alloy engine of 354 cc and is claimed to be able to use only one gallon of two-star petrol every 50 miles while employed on stop-start in-town delivery work. Loading is at knee height while, on the van version, there is a pavement access side door as well as the conventional door at the rear. The engine and gearbox are in the middle of the body under the cargo area, thus optimising stability and weight distribution. The Honda was significant

both for its technical specifications, which would appear to put it into a gap left wide open by the other manufacturers of light commercial vehicles, and for its portended intentions towards the British market. Toyota's 8-cylinder van, the Hilux, has a similar technical innovation, shown by Honda; it is a thoroughly conventional vehicle based on the car of the same designation, with a carrying capacity of 1,070 lbs and a cargo capacity of 47.5 cubic feet. But it, too, represented another demonstration of the Japanese producers' U.K. ambitions. And, sure enough, Toyota, virtually not on the market before, had sold 73 car-derived vehicles by the year's end (which is more, for example, than Citroën).

So far this year, the advance has continued. The market has again declined, with overall sales at 40,287 in the seven months to the end of July 2,446 against 2,033 12 months earlier, while Renault brought 40,965 in the same period of 1976. Yet imports have been rising again: they stood at 6,095 in the period compared with 3,904 in the corresponding period a year before.



The Dodge 200, biggest vehicle in the Chrysler commercial range.

fore. Almost all the importers contributed to the rise: Chrysler France, whose range is sold alongside Chrysler U.K. vehicles and is complementary to them (for Chrysler's British subsidiary not in the car-sales at 40,287 in the seven months to the end of July 2,446 against 2,033 12 months earlier, while Renault brought 40,965 in the same period of 1976. Yet imports have been rising again: they stood at 6,095 in the period compared with 3,904 in the corresponding period a year before.

In all, they took around 6 per cent of the total market (a penetration level they achieved with larger vans, too, selling 3,041 of the total of 49,258 larger panel [non-car-derived] vans first registered during the seven months with 2,587 sales. Honda, without a single vehicle sold in January-July, 1976, saw 1,412 of its small vans and pick-ups hit British roads in the corresponding period this year, making it the second largest importer after Chrysler France.

Datsun's more conventional car-based range notched up 882 registrations against 749 a year earlier, while Toyota, with just one sale in the seven months to the end of July, 1976, achieved 293 in the later period. This was not the only bad news for the British industry: the early part of the year also saw news of another planned offensive by a Japanese manufacturer, Mitsubishi Motors, one of the top six commercial vehicle producers in the world but best known here for its Colt cars. The company is expected to launch a light truck here this autumn with heavier vehicles following and car-derived commercials possibly in 1978, an advance which, however, has been reversed so far this year, with January-July total of 13,329 against 17,329 in the corresponding period of 1976.

The third U.K. manufacturer in the market is General Motors' Bedford subsidiary, producing vehicles based on the Vauxhall car range. It sold 2,000 by the end of the year, but while Datsun, too, has been planning strong hopes on its 1,000 cc Cherry van, selling in Britain only since the beginning of the year and competing against the Leyland Mini van as well as the Renault light vans. In the first five months of the year, just under 1,300 Chery vans were shipped to the U.K., even though actual sales, according to the Society of Motor Manufacturers and Traders figures, have not yet reached that level.

Hopes

All this has been happening not only at a time when the overall market has been falling slightly but in the wake of a period when it fell very heavily indeed. For last year's total sales figure of 70,618 compares

with one of over 100,000 in 1972. Then came the abolition of purchase tax (which did not apply to vans) and the substitution of value added tax (which rather than waiting till the vehicle ownership hopes of particular—have been those unable to afford a car significant in the market as a vehicle with near-car comfort and convenience. The market was cut by around a quarter virtually at a stroke. And since then has been an almost steady decline as far as the U.K. producers are concerned. British Leyland is the dominant manufacturer with its Mini- and Marina-derived vehicles, but its sales last year totalled 27,047 compared with 31,851 in the previous 12 months. And, with production levels as have been hitting its car sales, its registrations in the first seven months of this year recorded another fall of 13,529 against 17,329 in January-July, 1976.

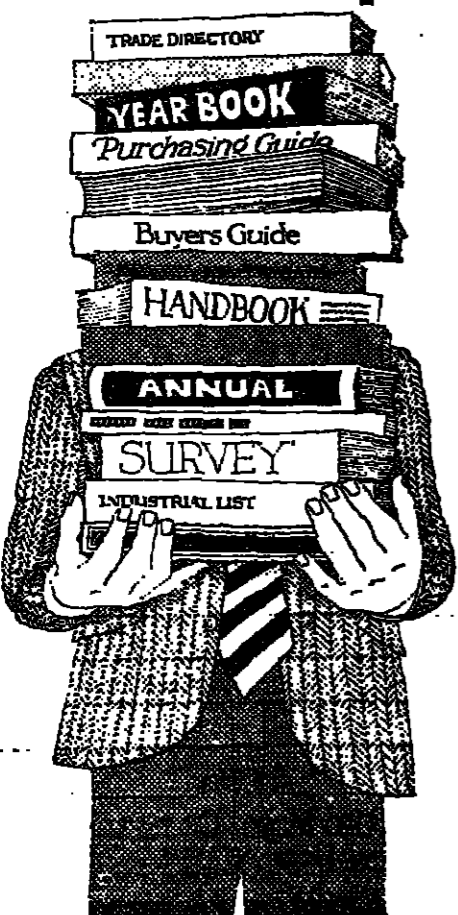
Next in the league table is Ford, with 20,042 new registrations of car-derived vehicles last year compared with 17,691 in 1975, an advance which, however, has been reversed so far this year, with January-July total of 13,329 against 17,329 in the corresponding period of 1976.

Initiative

The current SMMT undertaken with the aid of the Department of Trade, aims at such same sort of voluntary agreement as existing on the side (where imports are being limited to 10 per cent of the market). The industry is arguing domestic manufacturers disrupted and claim the sales build-up political and trade-sure for formal growth, a development says, would be in interest.

The argument is, yet, that said, the Japanese do not seem to be able to sell so many commercial vehicles because of falling domestic manufacturers their suppliers. A step that just seen at the with its widespread production through motor industry and sequences for British in particular, is very disruptive as any importer could do vehicle like the Honda is grabbing a related share of the market in no domestic market really able to cope on any terms of demanding that Honda is so hard to sell. David

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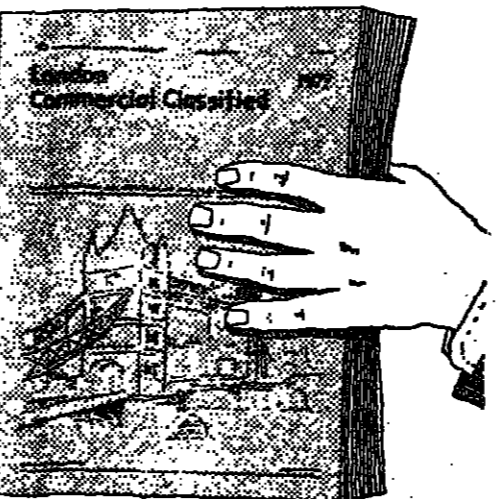
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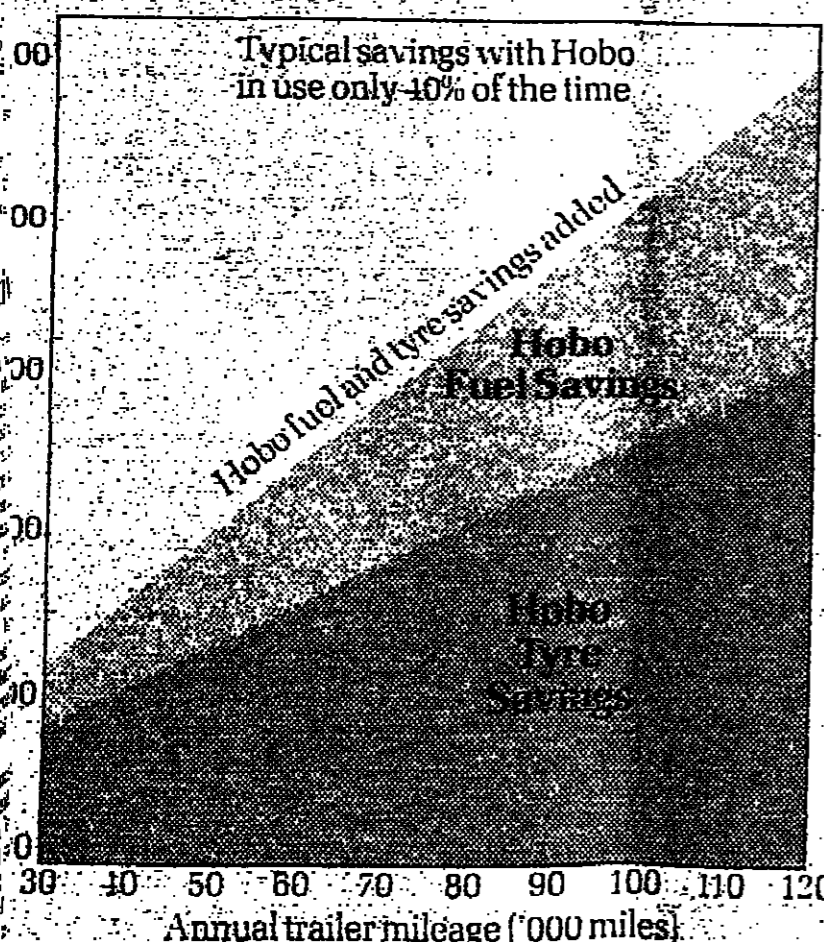
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York Hobo. Lift your wheels and lower your costs.



Last year people were calling Hobo the greatest idea... This year it's an established success. When it was launched last April we forecasted savings of £280 per year per trailer. This year, typical savings are raised to around £330 inflation and the Budget road fuel increases.



Where and how you save with Hobo.
Our market survey showed that the average semi trailer only needed both axles on the ground for 55% of the time. For own-account fleets it can be even less. The remaining 45% of the time, the trailer needed only one axle on the road.
From these findings we developed Hobo to cut costs in two major areas.
The first and most obvious saving is on tyres. The Goodyear Tyre Co estimated that a 30% reduction in tyre wear is likely if Hobo is used just 45% of the time. And like all York suspensions, tyre wear in tandem form is reduced by providing fully adjustable radius rods to ensure accurate axle alignment.
The other area of saving is in fuel. Obviously there is more drag and scrub with a tandem trailer than with a single axle. By raising your axle, you raise your miles per gallon. According to the tests carried out at the Cranfield Institute of Technology, your mpg goes up about 4%.
Add these savings on tyres and fuel together and a saving of £330 per year is typical.

Better braking.
Hobo's benefits don't stop with tyres and fuel. Its design incorporates a balance beam which reduces hop, resulting in shorter, safer stopping distances.
Mike Cunningham from 'Motor Transport' road tested the Hobo and reported on its brake performance: "It was the non reaction built into the suspension under braking that most impressed me...we have established braking distances from full pressure stop at 40 mph that shows the Hobo suspension provides better and safer braking without undue axle hop."
There is a mean increase of braking efficiency from 59% to 68% on surface brake application attributable to the non re-active design of the suspension under braking - axle hop is virtually eliminated.
And Hobo is fail safe. Should there be any damage to the Hobo air system, the second axle lowers and the trailer runs in its normal tandem mode.

Hobo the Investment.
Hobo's payback period will be under 18 months for the average operator, and once it's paid for itself it will add to your profits every day for the rest of its life.
Your next York trailer can be supplied with Hobo or you can have your existing vehicles adapted at any of the York factory branches.



Y013
YORK
HOB0
TANDEM
York Trailer Company Limited,
Northallerton, North Yorkshire, England.
Tel: Northallerton (0609) 3155. Telex: 58600.

Hobo. Only from York.
If anyone still needs reminding, Hobo is the patented lifting axle trailer suspension that cuts the cost of fuel and fuel on a tandem semi trailer by lifting the trailing axle clear of the ground when carrying light loads, no load or no load at all.
With Hobo the trailer adapts to its load. And an overload protection valve automatically lowers the leading axle when the trailer reaches its single axle limit.

COMMERCIAL VEHICLES IV

Potential threat to export markets

COMMERCIAL VEHICLE exports are in great demand as the only means of bulk goods transfer, but which at present can only be acquired from more developed countries. Gradually, however, the importing countries are determined to take over more and more of these manufacturing functions. This has already happened, or is in the process of happening, in the car industry, where several developing countries are establishing local assembly facilities. In the first place, they import most of the vehicle and put it together in plants designed and equipped by the vehicle exporter; then gradually they make more and more of the product with their own equipment and building it from locally made parts. In South Korea, which is in the process of establishing a car and truck industry, the Hyundai company has even jumped the local assembly step by proceeding straight towards its own design of a car under the direction of Western management. The concern of Western countries to retain a stake in the developing world is now turning, therefore, to joint projects which give manufacturers from both areas a continuing interest in any individual project. A good example of this in the commercial vehicle field is the new Land-Rover plant which was established by British Leyland last year in Kenya. Ownership is split between the British company, with 45 per cent, and the Kenyan Government and other local interests with 55 per cent. Leyland also has a longer-term interest through a renewable 10 year management contract, and the ability to supply some parts which cannot be made locally. The Kenyan project, an example of the way Leyland intends to go in Africa, stands in sharp contrast to the old exporting and distribution organisations run in the days of colonialism, and is a different approach from that adopted by some motor companies which tend to insist on retaining ownership of any manufacturing project. General Motors, for example, has in the past always been reluctant to cede control in its overseas operations. But a similar policy to Leyland's has been adopted by some other big commercial vehicle companies, such as Mercedes which has a relatively large business in Iran, and the two Scandinavian producers, Volvo and Scania, which are highly active in South America. Leyland is in a peculiarly healthy position to pursue this policy because of the virtually unique characteristics of the Land-Rover. Customers cannot buy such a versatile vehicle elsewhere, despite the growing number of imitations. It is also in great demand for police and military use, which brings the company into the realm of public policy in many states and therefore helps attract attention and interest in Government circles. On the back of these Land-Rover projects, Leyland therefore hopes to be able to develop its larger commercial vehicle interests as well.

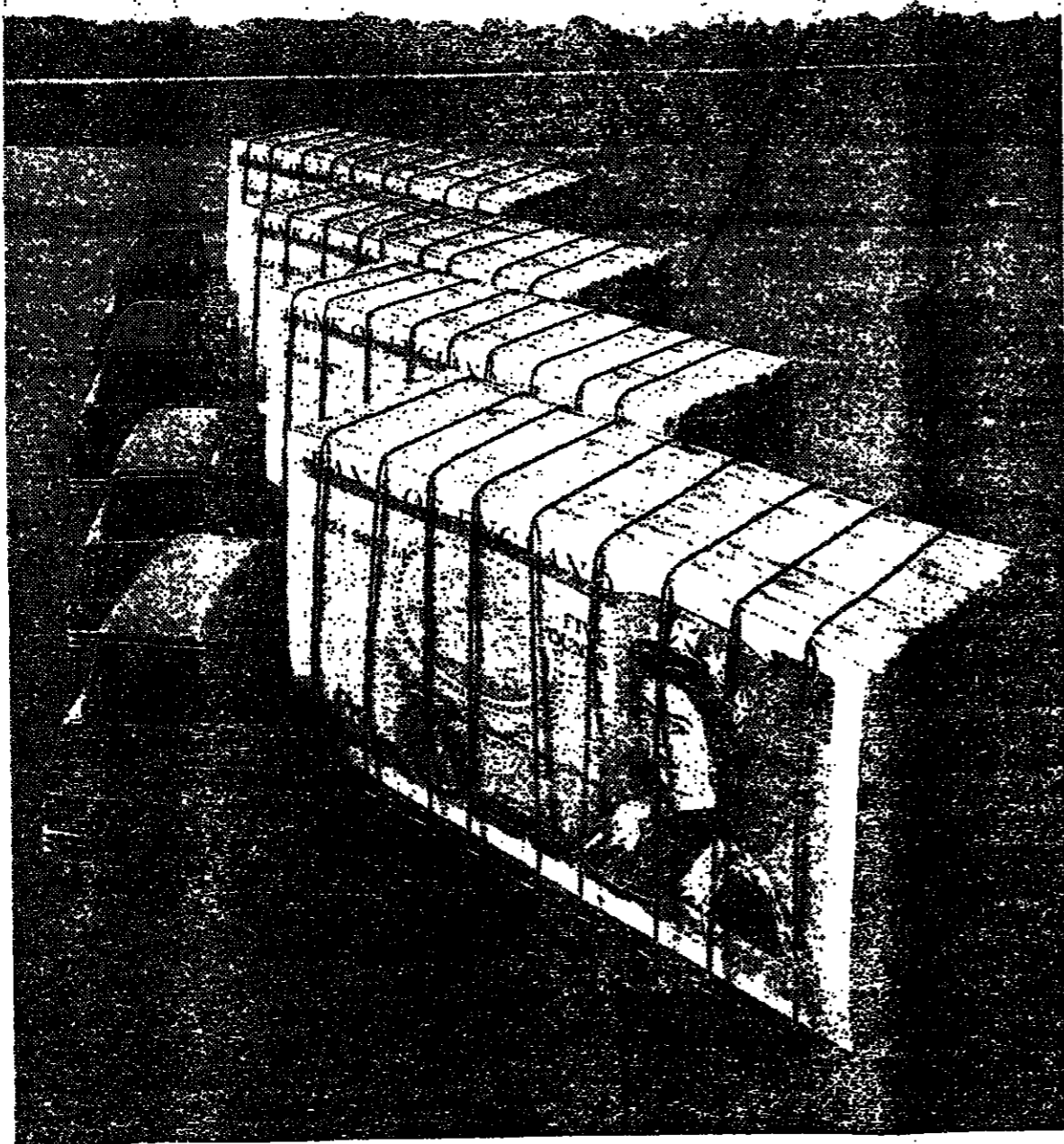
cedes, which has been an extremely aggressive exporter in the Middle East, have begun to notice the impact of the Japanese in world markets. Japanese medium-weight trucks are now forging into the Arab states, and into East Africa. In the Far East they dominate the market today, except in India where Leyland is well established alongside a now-nationalised former Mercedes company. And in the developing world in general, Leyland is now having to face an increasing challenge to its Land-Rover business from the Toyota Land-cruiser, a less rugged vehicle which is nevertheless in much more free supply. In the Gulf states and the Far East, the Japanese products stand out for their competitive prices. Three-axle tippers made by Nissan, the Datsun car manufacturer, for instance, tend to undercut European products by up to 50 per cent. These prices are particularly damaging to Swedish or West German vehicles, which have very high wage rates built into their costings, and which are exporting behind highly rated currencies. U.K. companies are at less of a disadvantage on both these counts, although in the Gulf states both British Leyland and Ford have been crippled by their presence on the Arab boycott list (from which Leyland has recently been struck off). Overall, U.K. commercial vehicle exports have continued to go up this year, registering a 14 per cent increase, at £328m., the figure achieved in the first six months of 1976. Among the more dramatic examples of the improvements achieved is Bedford's exports of its CF panel van to the Continent. Overseas sales of this vehicle have gone up from 10,584 units in the first seven months of 1976 to 16,680 this year. Most of this 58 per cent improvement has been achieved in Europe, where the introduction of a new diesel into the van has been well received. This is because Bedford is now using an Opel unit which is well known on the Continent, and which all the car dealers in the North Africa, along with the Italians, Britain is strong in Black Africa. But the outstanding exporters are the Swedes, who export about 90 per cent of all the commercial vehicles they make, with a wide network of customers both in Europe and in South America. Recently, however, the two Swedish producers and Mer-

gone up this year by 30 per cent. Against an export of 3,469 units in the year 1976, its sales have risen to 2,690 in the first months of this year. The trucks with a fall in the number of its light and medium vans from 1,817 in 1976 to 580 units so far this year, is only a small proportion of its output of 3,709 units. British Leyland's own shipments of commercial vehicles of more than 3.5t have gone down in the first months of this year compared to 1976. Its bus exports dropped from 1,536 a year to 1,173, and its trucks from 12,993 to 10,509. A Chrysler, Leyland's main ally in the developing world, especially the old colonial territories, and the white Commonwealth countries.



A new MAN dump truck bound for the Middle East.

There are better ways to tie up your capital and still have the fleet you need.



These days Companies that can justify paying cash for a fleet of trucks are few and far between. And with so many other demands on cash flow, can you really afford to exhaust your capital and bank overdraft facilities? Consider Trucklease as an alternative funding option. Trucklease is a complete leasing package for fleet operators backed by the expertise and immense resources of Lombard North Central, a member of the National Westminster Bank Group. With known rental commitments, Trucklease will enable you to plan more accurately whilst conserving your capital for other needs.

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Network

Ford's exports, based on similar historical network contacts, have in recent years been directed also to the near, where the Transit van made a big impact. Leyland is now following a similar initiative with the Shery but this is still considerably outsold by the Transit, particularly in the diesel which has made a great deal of progress with Continent customers. Ford exports little over 30,000 Transit vans, as well as 14,000 derived vans. It was at its biggest exporter of more than 3.5 tonnes, 22,400 units overseas. Leyland's 22,200 and Bedford's 22,800. But Leyland's largest overall export is 81,700 units last year. Ford's 72,400 by virtue of high sales of the Land Rover.

Pattern

The pattern of European truck and bus exports still tends to follow the lines laid down in colonial days. The French, for example, do good business in North Africa, along with the Italians. Britain is strong in Black Africa. But the outstanding exporters are the Swedes, who export about 90 per cent of all the commercial vehicles they make, with a wide network of customers both in Europe and in South America. Recently, however, the two Swedish producers and Mercedes's exports of its medium weight vans have also

Pattern

Whether Britain can maintain its strong position in commercial vehicle exports during the next few years will depend on the reorganisation now being carried out in quite a large part of the industry. In the developing world it will come under pressure from new manufacturers in the Far East, and in Europe it has to try and build up some stiff opposition. It is no doubt that the industry has read the message need to get new products to the road and to an aggressive policy before the foreign car swallows their home base.

Terry Dod

Changing patterns in imports

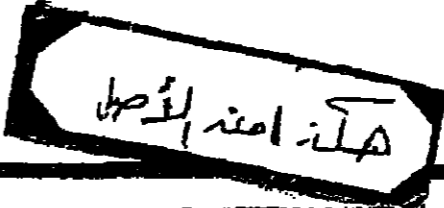
WHEN VOLVO and Scania last year, accounting for about 2.7 per cent of total sales of a possible merger a few weeks ago, they specifically isolated figure compares with about 1,000 vehicles a decade ago, and shows a very sharp build-up on the 13,000 Japanese commercial vehicles registered in 1975. At the moment, these figures are small, but the pace of increase is, to many European manufacturers, dangerously rapid, suggesting that the Japanese industry could easily repeat the success it achieved with motor cars. The main threats at the moment come from the direction of Japan, which already has a well-developed commercial vehicle industry, and the Soviet bloc, which is in the process of developing one. In the longer term, Volvo and Scania were making it plain that there will be competition from other quarters as well. Brazil and Iran, for example, already have quite well developed motor sectors, and it can be only a matter of time before they begin to move into exports; indeed, the appointment of Mr. George Turnbull, the former British Leyland managing director to a consultancy post at Iran National was partly prompted by a desire to build up exports. The Japanese expansion in Europe, however, is the one which is particularly worrying. Based on smaller vehicles, there is a longer-term threat that it will be expanded into larger vehicle sectors as well, thus cutting into an area of the motor industry which has been tightly controlled within Europe itself, and which has provided a strong base for exports to the rest of the world. Japanese importers sold about 27,500 vehicles in Europe

Datsun Sunny, virtual exception for one or two panels in place of their mainstay even achieve a little at the same time, of course a natural diversification of Japanese manufacturing vans and pickups take more transportation in cars, and the British shown itself receptive products. The figures for the first months of this year just how far this Japanese expansion has progressed, period this bloc of factors—including Honda, Mazda and Toyota—tured 6 per cent of derived van and pickup with a total of 2,587. In the same period registered a similar 6 in the medium weight up to 3.5 tons which registered some 3,041. This was a significant improvement on the figure of about 4 per year. Few of the European exporters are doing any as well as the Japanese manufacturers. The growth of the Japanese is unlikely to end at either. Colt, the Mitsubishi subsidiary which has established a foothold in the U.K. in the last two years, announced its intention to diversify into the commercial vehicle sector, and will try to build itself a presence in this field already decided to bring two light vehicle planning to introduce a new ground for the company has made no the fact that it would expand into even

CONTINUED ON NEXT PAGE.

اسمیتا

COMMERCIAL VEHICLES V



Leasing is on the increase



Ford trucks on a test track. A mobility military vehicle is being followed by a dump truck.

Vertical text on the left margin, partially cut off, containing various news snippets.

Indeed, lessors are occasionally accused of playing on this and... leasing towards November...

As a trading expense, the rentals are tax-allowable. So, in summary, leasing is a medium-term finance facility...

The first year tax depreciation allowance permitted on investment in vehicles, plant and machinery are available to the leasing companies...

Payments Rental payments need not be regular amounts at regular intervals. They can be tailored to suit trade fluctuations...

Security There is no essential hardship in this, since the resale price of the vehicle can be passed on to the lessee by way of rental rebates...

Having thus painted a picture which appears to knock all other forms of finance into the shade, it is time to sound a word of warning...

lessors will not insist that leasing is a financial panacea, and as often as not will feel happier about their own security...

The Control of Hiring Order was more restrictive for motor cars than commercial vehicles, but the evaluation of the rapid front-end lump payment in rents...

Such bodies as the British Vehicle Rental and Leasing Association (BVRLA) and the Equipment Leasing Association (ELA)...

The BVRLA rental fleet had got proportionally smaller than the leasing fleet. Some 58 per cent of all members' vehicles were on lease last year...

These prospects and developments have so alarmed the British industry that moves are already afoot to try to negotiate...

Robert Hawkins Editor, Leasing Digest

Imports CONTINUED FROM PREVIOUS PAGE

European truck industry is at no transport problems in ship-assembly the vehicle in Europe if it proves too costly to transport...

Intent

The first sign of any serious intent by Eastern European countries to develop their commercial vehicle exports to the West has come with the launch of the Roman middle weight truck from Romania in Britain...

So far, the rest of the Eastern European countries clearly have the potential to establish significant exports to Europe. There are virtually

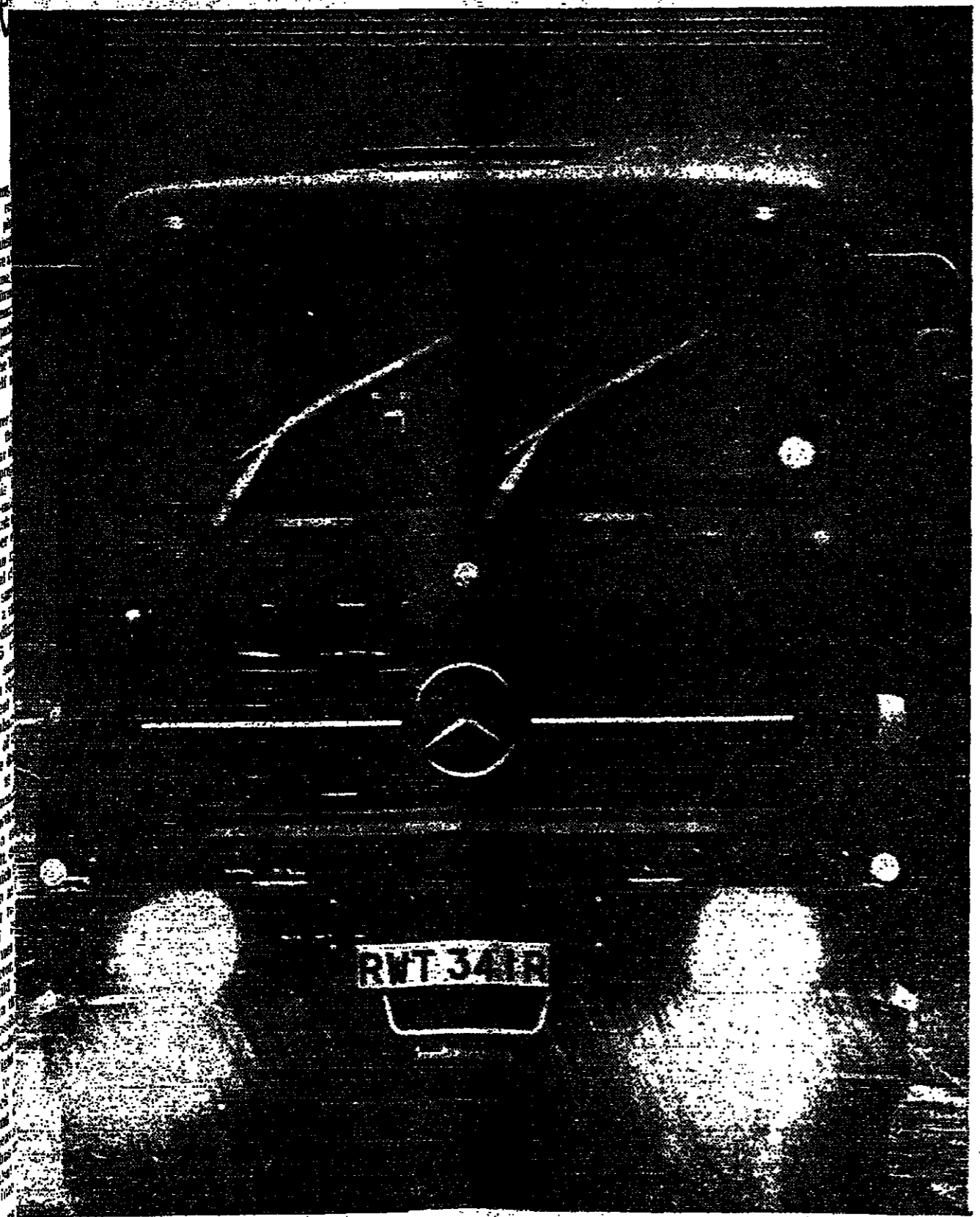
weights in due course, possibly hacked by contacts at diplomatic level, indicating that too many Japanese imports could have a disruptive effect on the British industry.

Intent

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Are you giving your most valuable asset the support he deserves?



A productive driver means you run a more productive operation. So, as an operator, one of the first priorities has to be to protect the people you hire to drive your trucks.

One way Mercedes-Benz can help you is by making trucks that are safer and more comfortable to drive. In fact, each cab on our New Generation trucks is built like a safety cage.

One of the most important features is a central vertical steel strut in the rear wall so that, in the event of a crash, the load is less likely to come forward and hit the driver in the back.

All round strength. We've strengthened the welding of the seams on the sides of the cab to make the entire cab more rigid. In addition there is an extremely strong, rigid transmission tunnel running the full length of the cab...

Inside the cab there are no sharp edges. So that, should the driver fall forward, he is less likely to be seriously hurt.

In addition, the dials and instruments are easy to read, day or night. And the seats are designed to keep drivers comfortable and alert.

Finally, our cabs meet all EEC legislation.

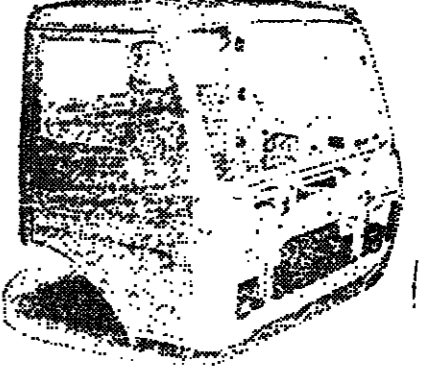
All round profit. All this should be comforting to know as you send your drivers out to help you make a profit on the road.

Even more comforting must be the thought that while your drivers are safe and sound in our cabs, you can rely on the rest of your Mercedes-Benz truck to lead a long, profitable and trouble-free life.

You can take a closer look at cabs on Mercedes-Benz trucks ranging from 16 to 32 tons, at your nearest dealer.

You'll not only be protecting your most valuable assets.

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COMMERCIAL VEHICLES VI

Developments in engine design

IT WOULD not have been surprising if Mr. William Rodgers, the Transport Secretary, had emerged from his six months' presidency of the EEC Council of Ministers this summer with his faith in the excellence of the Community shaken.

Having set out with what he now describes as a speech of visionary dimensions to the European Parliament, it was not long before he was being smugged for lack of regard for the "true" European constitution by the French and generally educated about the real pace of change in Brussels.

None of his relatively modest aims were met—even those in what he had taken to be uncontroversial areas such as regulations for approving whole vehicles rather than constituent parts—and he ended his presidency as he began it, with the threat of court action against Britain for its failure to enforce European law on the fitting of tachographs into heavy vehicles.

Mr. Rodgers denies, however, that his experience of the Community at its most uninspiring has diminished his enthusiasm. "I simply realise that it will take longer for member states to move from entrenched positions towards discussion of real transport problems on a broader plane," he says.

Many others in the transport industries are less optimistic. It has been a source of comment that attendance by British industry representatives at the endless round of committee procedures in Brussels and Luxembourg has fallen off in the last year and some in the industry bluntly state that they feel they have wasted enough of their energy leaning shoulders against the rump of the Brussels elephant.

Pro-marketters like Mr. Rodgers take the view that it is simply unfortunate that in the field of transport, most of the business to date has involved Britain in rearguard actions to

resist uncomfortable and in some cases economically harmful provisions of the Treaty of Rome. He believes that at the other side of this undignified wheeling and dealing lies the opportunity for progress and mutual gain.

Provisions

In the meantime, though he wishes the British civil service was more adept at the crude bargaining by committee which is the daily bread of Brussels and insists that he is committed to winning the best possible deal at the end of the day on the key issues on the mind of the industry—the length of the driving day and quota permits for British hauliers to cross certain European boundaries.

The most urgent tussle concerns drivers' hours and Mr. Rodgers believes a compromise package will be ready for signature by the time the Council of Ministers meets next month. He hopes that by then the French will have withdrawn their objections to a British proposal designed, effectively, to stagger the implementation of the rules over three years from next January.

But even if this is achieved—and many in the industry doubt it—there is unprecedented alarm about the effect of this social regulation upon Britain's bus industry. Hauliers too have warned that it will cost them about £400m, a year in reduced productivity—although these figures are disputed by some sources. Sir Daniel Pettit, chairman of the National Freight Corporation, has said, interestingly, that the large companies within his organisation would, because of their nationwide depot facilities, face few problems and could even gain business at the expense of the smaller operators when the shorter working day comes in.

The National Bus Company, which British hauliers need in order to enter most European countries. Although the Department of Transport continues to work hard at bilateral negotiations, there is not much hope of significantly extending present limits, and the waiting lists of hauliers for permits to countries such as Germany, France and Italy seem certain to grow. The hoped for expansion of the EEC multilateral quota system has not taken place (British hauliers have 272 permits under the present agreement) and meanwhile, cynics in the transport industry are enjoying the fact that more rapid progress on permits seems to be being achieved with Middle East states than with our EEC partners.

Mr. Denis Quin, director general of the Confederation of British Road Passenger Transport, which speaks for coach and stage carriage operators, says the total cost will be over £80m a year. On behalf of its members, the Confederation is already seeking a Government commitment to offset this loss with compensation—a substantial request in view of the fact that the Government has only recently agreed to restore its support for local bus services to £150m a year.

The key item in the drivers' hours package so far as the bus operators are concerned is the definition of the working week. British operators currently use the fixed Sunday to Saturday week, but under the EEC rules, a rolling week would be instituted which it is argued, would destroy flexible working patterns under which British bus drivers are able to work eight-day stretches (of particular importance to coach companies) cut rest days to one a fortnight in summer and take time in lieu during quiet winter months. On top of this, schedules would be brought under further pressure by the lopping of 1½ hours from the continuous driving limit (to four hours) and the limitation of the driving day to eight hours (instead of eight) and the driving week to 48 hours (now, theoretically, 70).

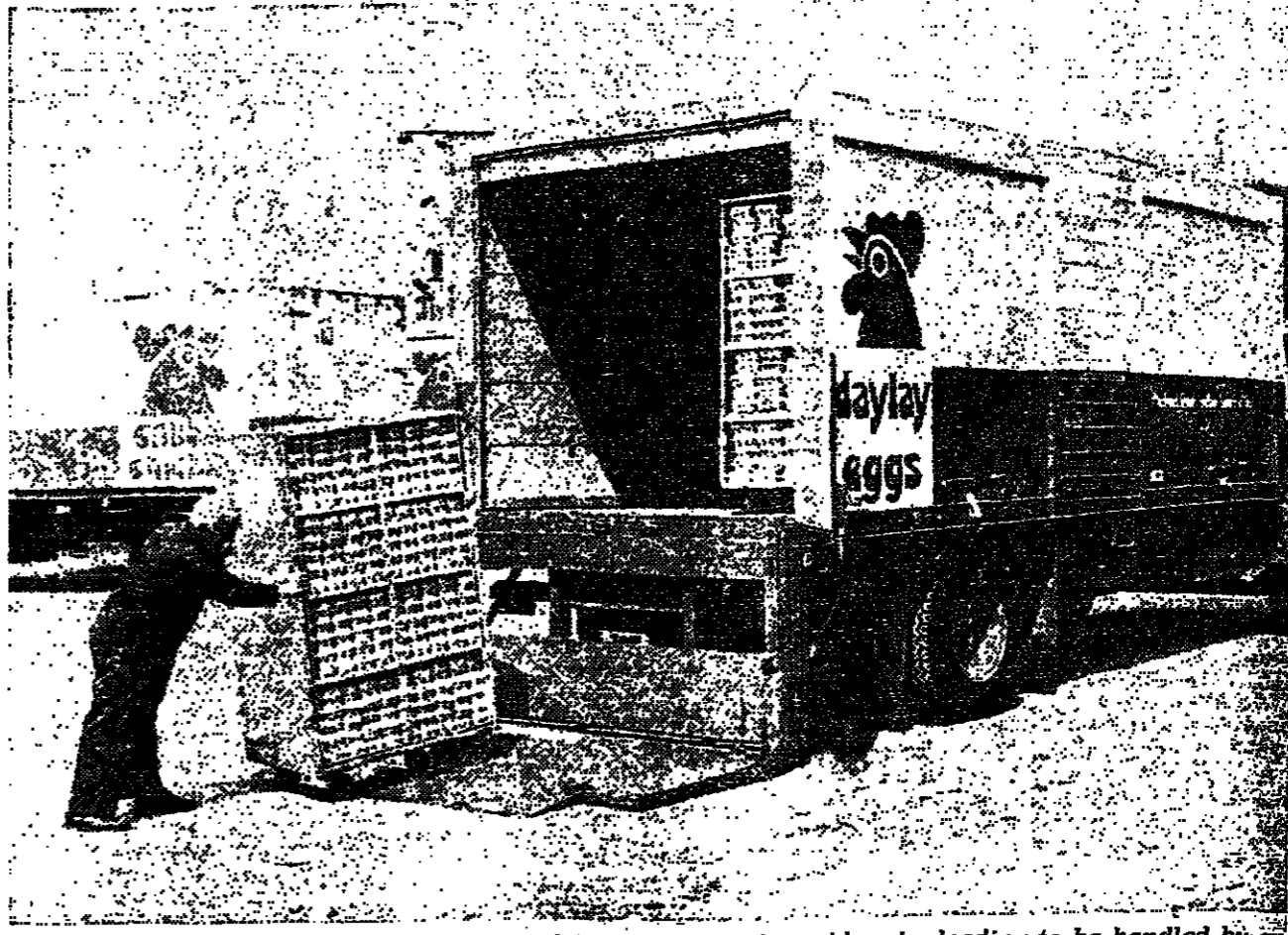
Implementation of the social regulation will probably be the sharpest blow to British commercial transport resulting from EEC policy to date, but it comes at a time when there is niggleing dissatisfaction on many fronts. Not least of these is the

business of quotas or permits which British hauliers need in order to enter most European countries. Although the Department of Transport continues to work hard at bilateral negotiations, there is not much hope of significantly extending present limits, and the waiting lists of hauliers for permits to countries such as Germany, France and Italy seem certain to grow. The hoped for expansion of the EEC multilateral quota system has not taken place (British hauliers have 272 permits under the present agreement) and meanwhile, cynics in the transport industry are enjoying the fact that more rapid progress on permits seems to be being achieved with Middle East states than with our EEC partners.

Significance

Two other issues of potentially great significance for commercial transport remain in limbo. Mr. Rodgers is spectacularly inactive on the question of implementing an EEC regulation requiring compulsory use of tachographs in all heavy vehicles—some observers expect infringement proceedings to be inaugurated by Brussels this autumn—and there is no sign of action on lorry weights.

Although apparently sympathetic to the commercial case for raising the limit on gross vehicle weights in the U.K. from 32 tons to 40 tons, Mr. Rodgers judges the environmental issues too sensitive to permit action at this stage. His resolve over the environmental aspects can only have been stiffened by the forthright opposition to heavier lorries from the Liberals. In the absence of a co-ordinated EEC approach, the inevitable fragmentation at national level has occurred, with maxima varying from 26 tons on some Swiss roads to 46 tons for certain Dutch vehicles. Such frag-



A Dodge Commando vehicle with a Ratcliff tail-lift which enables the loading to be handled by one

mentation makes life progressively more difficult for commercial vehicle designers.

But perhaps the issue which best characterises European transport politics is that of haulage tariffs. Here we have a system of bracket tariffs, providing a manual of prices which must be adhered to within 23 per cent, and which, by almost general admission, is ignored everywhere except in Germany. The Commission is now engaged in the traditionally lengthy process of looking at an alternative system of reference tariffs (which would be voluntary, with hauliers simply required to explain the economics of any severe undercutting in order to prevent unfair subsidisation). Britain's position on this highly embroiled negotiation appears to be just to go on talking because it, like most of the EEC members, would really prefer to have no direct tariff control at all.

So the conundrum of Brussels is drawn out, leaving the British haulier counting his quotas and his costs. But it is not true to say that all the effects of EEC regulations are bad for every one in the industry and the operator who adapts to change can easily find himself tapping a new market.

A good example here is the British Road Services' approach to the onset of new laws requiring certain foodstuffs, such as

meat pies, to be refrigerated vehicles. The distributor, this means replacing a BRS with one costing £200,000. This is where BRS will be able to step expanding refrigerated its contract hire fleet one operator put in commercial spirit the blows of bureaucracy.

Peter C

EEC rules still in contention

IT IS FAIRLY obvious that the requirements in materials, design and equipment to make an engine capable of working for 500,000 miles with minimum maintenance are quite different from those needed for a light-weight engine in a van or car that will be consigned to the scrap heap after 100,000 miles. Nor, almost certainly, need a diesel engine for a car be as robust in certain components as an engine to be put into a light truck, although they are of basically the same design. Further variations are introduced if the engine is to be used for industrial purposes or to drive a boat. And still further complications are introduced by the necessity for meeting differing environmental legislation in world markets.

The problems that every engine maker faces these days are so formidable and the cost of finding solutions so great—£1m a year spent on research plus perhaps more for development is by no means out of the way at major establishments—that more and more use is being made of Government and university facilities; customers and suppliers of fuel injection equipment, crankshafts, and other vital components are collaborating in joint research programmes; and even rival engine makers are grouping together on advanced engine projects, sharing the costs and the results.

Whereas in the past research and development have perhaps concentrated on durability, noise and/or pollution reduction and fuel economy, engines these days have to be fine-tuned to applications and to weight, pollution, noise, and various other legislation applying to the markets in which the engines (in trucks, tractors, factories and so on) are to operate. The oil crisis of 1973 concentrated everyone's minds wonderfully on fuel conservation, particularly in the U.S., where imports are around half total consumption. But this kind of concentration within a comparatively narrow field tended to leave out of account other and equally important aspects of energy conservation.

It is greatly to the credit of young engineers facing the difficult problems posed that many of them see a vital part of their role through ecological glasses. "If only the politicians who make the legislation had our kind of engineering knowledge they would appreciate very much better the probable results of their decisions," said one design engineer. "They are sometimes not at all what they envisaged." Another dealing with the problems of meeting legislation is convinced that the emission control in the U.S. has gone beyond the cost-benefit ratio. "And," he added, "the Environmental Protection Agency has a singular disregard for industrial lead times." Certainly Europe is having much more

wide-ranging discussions in formulating and implementing legislation.

Nevertheless, the general and specific needs to make better use of energy and reduce pollution are taking engine builders and component suppliers into advanced technologies involving, for instance, laser beams for measuring the movement of fuel particles. The atomic energy research establishment at Harwell, under a programme funded by the Mechanical Engineering and Machine Tools Requirements Board, has embarked on an internal combustion engine project (ICE) with Perkins Engines (which helped to initiate it), British Leyland, Rolls-Royce Motors, CAV (the Lucas diesel injection subsidiary) and others on the advisory panel.

A technique for measuring the speed and movement of particles with laser beams, called laser doppler anemometry, and optical sizing techniques are being adapted to the air and fuel motion and mixing of the inlet manifold of a petrol engine, and also the air motion during induction and compression strokes of a diesel engine. Raman scattering techniques are used to measure the temperature and concentration of fuel vapour, oxygen and combustion products. The results of this joint effort will be made more widely known in due course: in the meantime the participants, as in other similar projects, will have the advantage of having a more intimate knowledge of the problems and possible solutions than competitive establishments. Another more down to earth

project, but still using highly sophisticated techniques, is that devoted to a better understanding of the deflections and stresses in crankshafts, crankcases and bearings. This is being done with the assistance of the National Engineering Laboratory, and the result will be a series of engine designers programmes that will enable designers to allow more exactly for the interaction of engine components and the real loadings they produce.

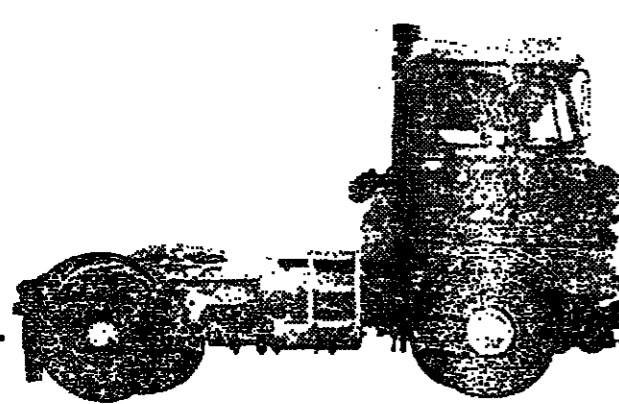
These are just two examples of the way in which the boundaries of knowledge are being pushed outwards, so that future generations of engines will be at least as competitive, if not more so, than those being offered by thriving overseas rivals in Japan and Europe. Among the more important other research work being done is that into determining what standard of oil diesel engines will accept. The quality of fuel oil in Europe is high. As time goes on, and oil reserves become depleted, quality levels will almost certainly come down to coarser cuts. For the designers this inevitably means a greater demand on diesel technology to make use of them efficiently.

The unprecedented concentration of resources in manpower and materials on research and development in engines and components is rapidly leading to the position where mathematical formulae can be used to design an engine for specific purposes from a clean sheet of paper. The most fundamental single factor affecting a whole range of parameters is the duty cycle the engine will

meet. Once this has been established other factors of design work are direct impact on development programme. "To be very much using materials for

Progress There are still a few things to be done. One of the main things is to improve the efficiency of the engine. This is being done by using materials for... This is a highly competitive sector of the main... like light vans and... and some industrial... where diesel power... cent.) trucks and... single factor affecting a whole... range of parameters is the duty cycle the engine will... reputation for its... weight, high level... This is a highly... some of the main... like light vans and... and some industrial... where diesel power... cent.) trucks and... single factor affecting a whole... range of parameters is the duty cycle the engine will... CONTINUED ON NEXT PAGE

The FODEN Factor

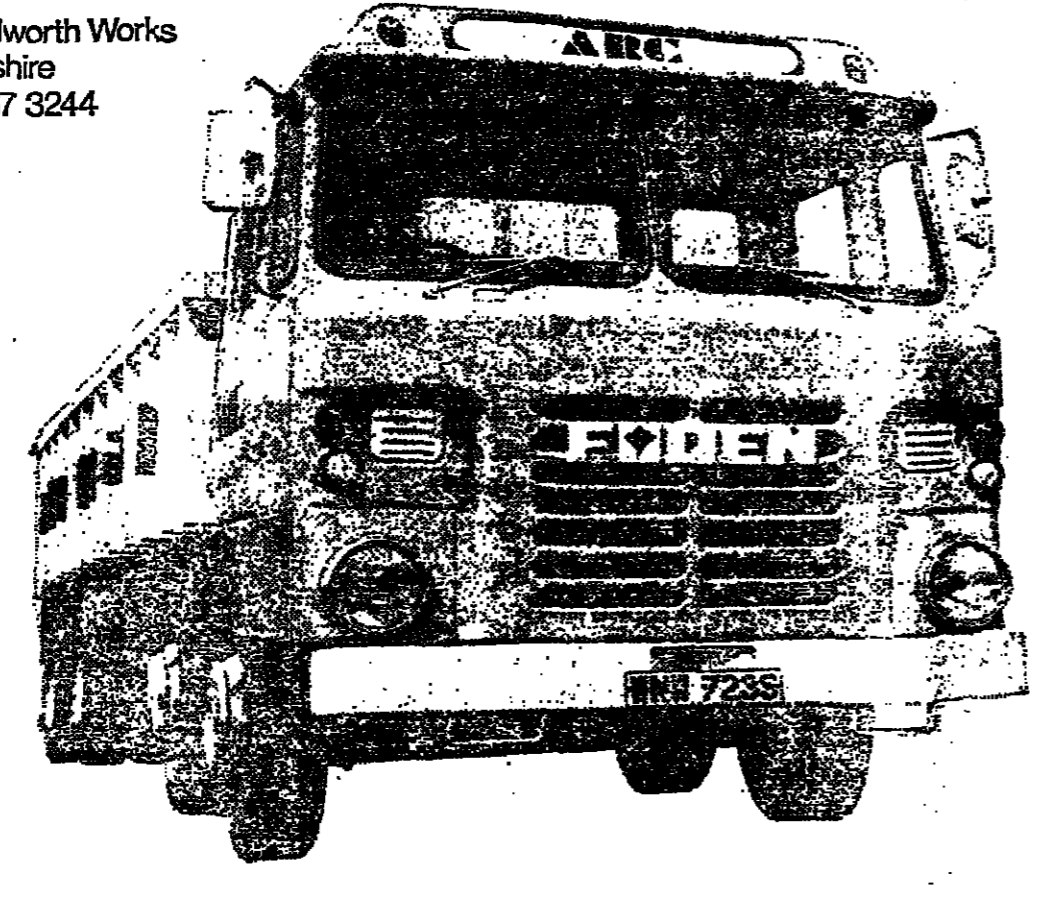


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Rigids-tractor units special purpose vehicles-dumpers

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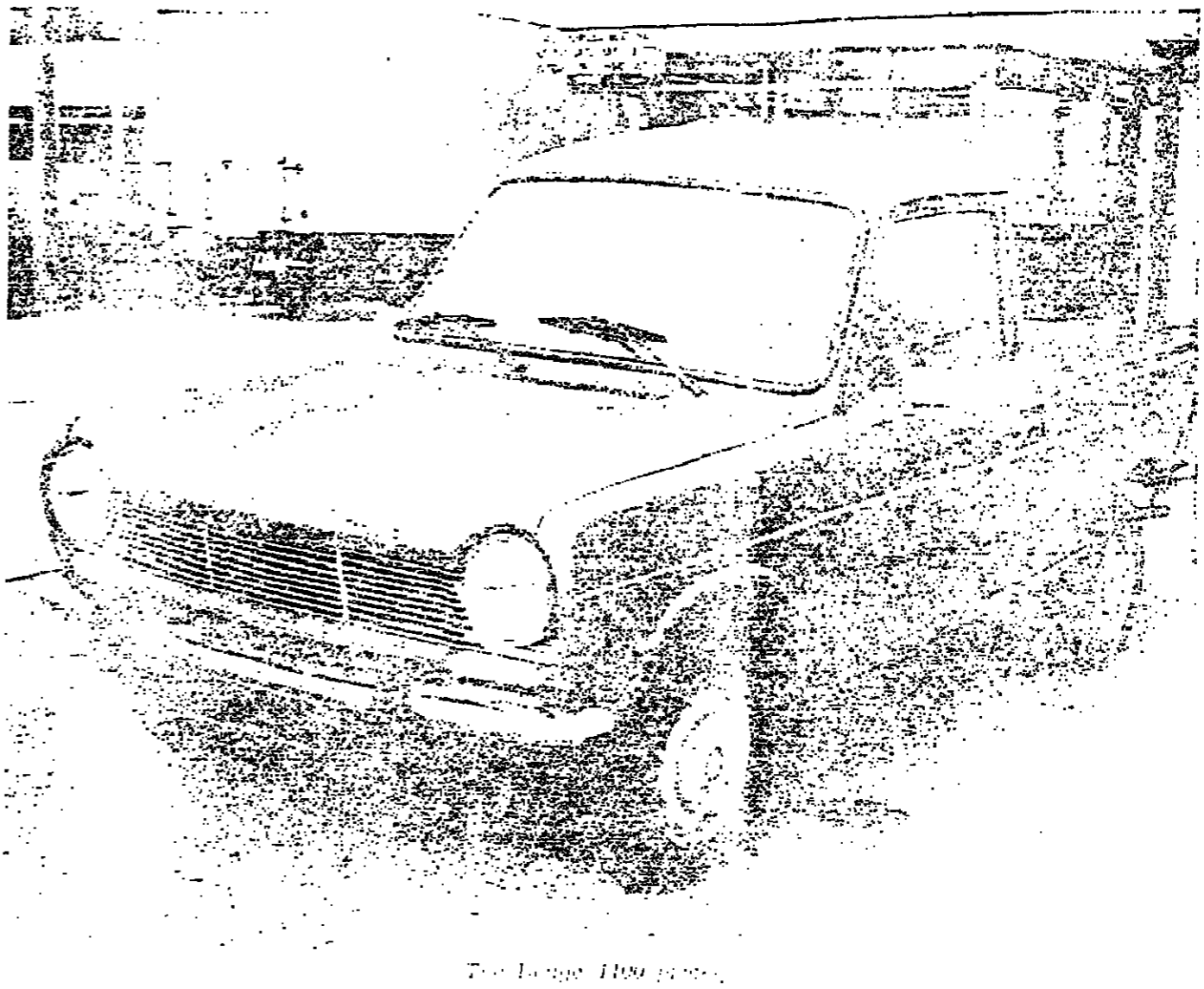
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COMMERCIAL VEHICLES VII

Promising outlook for light vans



Light vans of up to 3.5 tonnes now produce more than 100,000 units of the Transit a year, the majority being made at its Southampton plant and designed as a quite different product from the cars. In most cases, a car licence, there is an extremely important element in the industry. It is also grounds for belief that it could be the one of its growth areas, in eighth unit sales, within the E.U. This has been the factor in the U.S., and it is the factors behind the innovation of product development in this area.

The component has reached a peak within the last few years with the launch of a new Mercedes—the first of a new Mercedes to be established with the Ford Transit. The Leyland Sherpa. The vehicle, to be made in the first place, is a significant venture in the so-called van inherited by the Leyland-Henschel concern.

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Because of Ford's base in Britain — it makes the vast majority of its commercial vehicles in the U.K. — and also because of the unusual emphasis on road transport in Britain, the van sector has advanced more in the U.K. than elsewhere in Europe. In 1976, for instance, Bedford launched the CF van on very similar lines to the Transit, with many of the same characteristics of drivability and easy manoeuvring. And two years ago this was followed up by the Leyland Sherpa, a cheaply-produced vehicle which was first criticised for its appearance but which rapidly established itself as a worthy and extremely economic contender in the field.

Chrysler, meanwhile has been soldiering on with its PB van, which has been boosted this year by contracts with the Post Office. But the company is now awaiting the introduction of a new vehicle in the wake of the Government rescue effort.

Although this wealth of new product in the light vans sector is adding to production capacity all the time, most European manufacturers dismiss the prospect of over-production in the near future. Commercial vehicle sales are rising healthily at present, and irrespective of this overall trend, vans seem to be widening their appeal all the time. As in America, sales of van conversions for leisure purposes are expanding.

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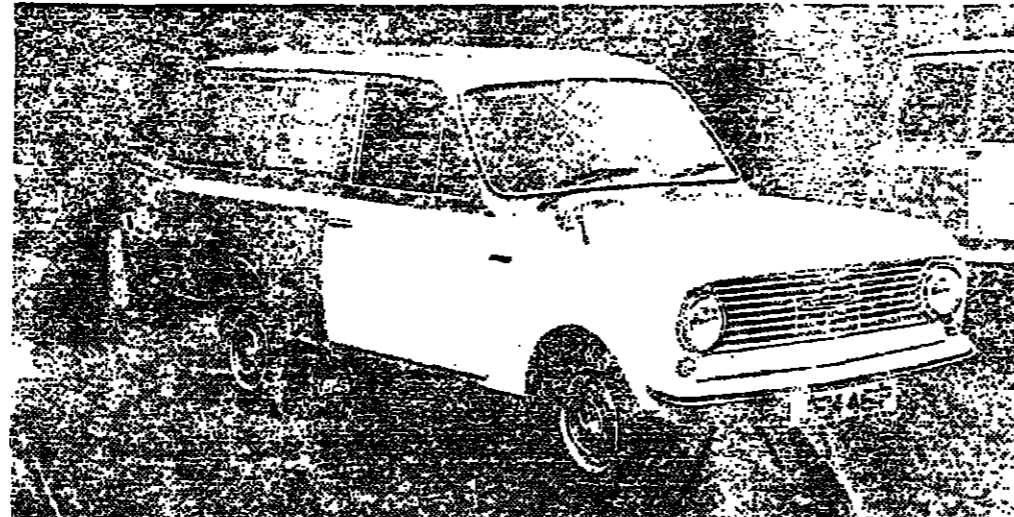
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Approach

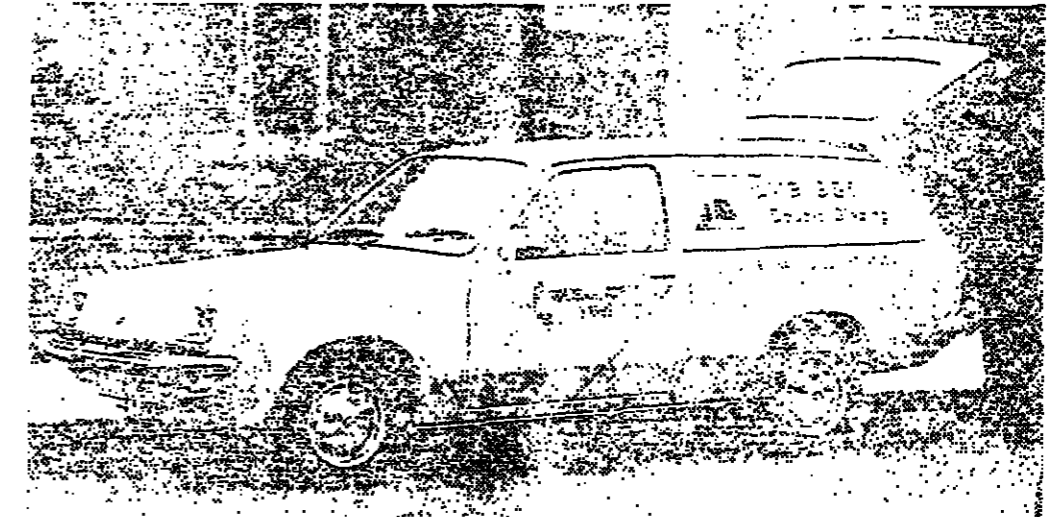
At the same time, the different manufacturers are developing sophisticated approaches to the marketing of these vehicles, bringing a far greater degree of analysis to bear on the market than in the past. For example, one of the ways the sector has split in the last few years is between broad and narrow vehicles, the Transit and the Sherpa being classic examples of each particular type respectively. Ford deliberately chose the wider configuration when it designed the Transit 12 years ago in order to give maximum space for a vehicle which spans a wide weight range. The Sherpa, on the other hand was designed to be more manoeuvrable and less bulky, partly because it only spans the lighter Transit sectors at between 1.85 and 2.5 tonnes.

Leyland's decision was partly dictated by the fact that the group already had two other vans covering the heavier sectors in the EA and FG vehicles made at Bathgate in Scotland. One of the interesting features in the development and rationalisation of Leyland's commercial vehicle interests, therefore, is the way it tackles this overlap. There is unquestionably a distinctive market for the narrower type of Sherpa vehicle. On some rural roads they are more acceptable than heavier vehicles, and in town distribution conditions, where many vehicles of this kind are

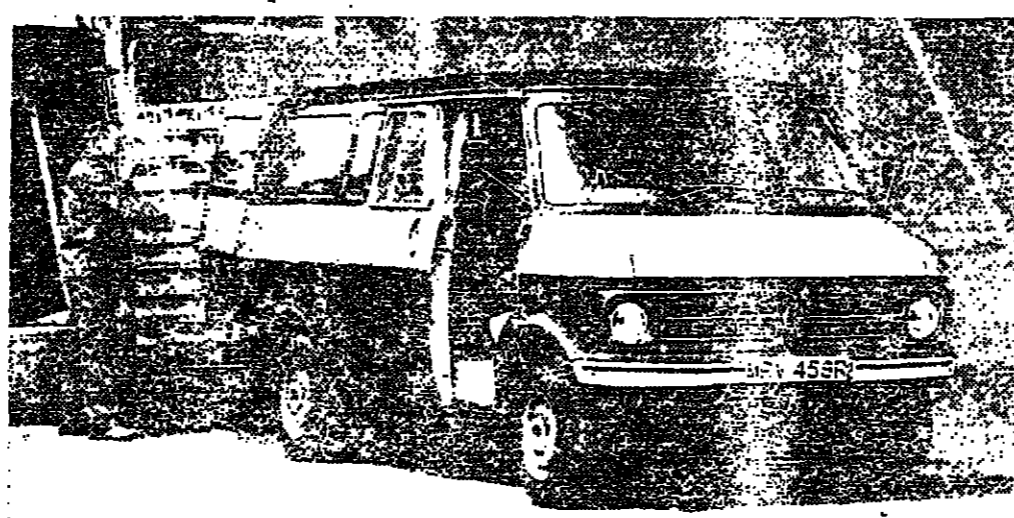
THE BUSY MAN'S GUIDE TO THE COMPLETE FLEET.



HA. Practical shape (88cu. ft. cargo volume). Firm in service with big fleets. Low initial cost. Two models.



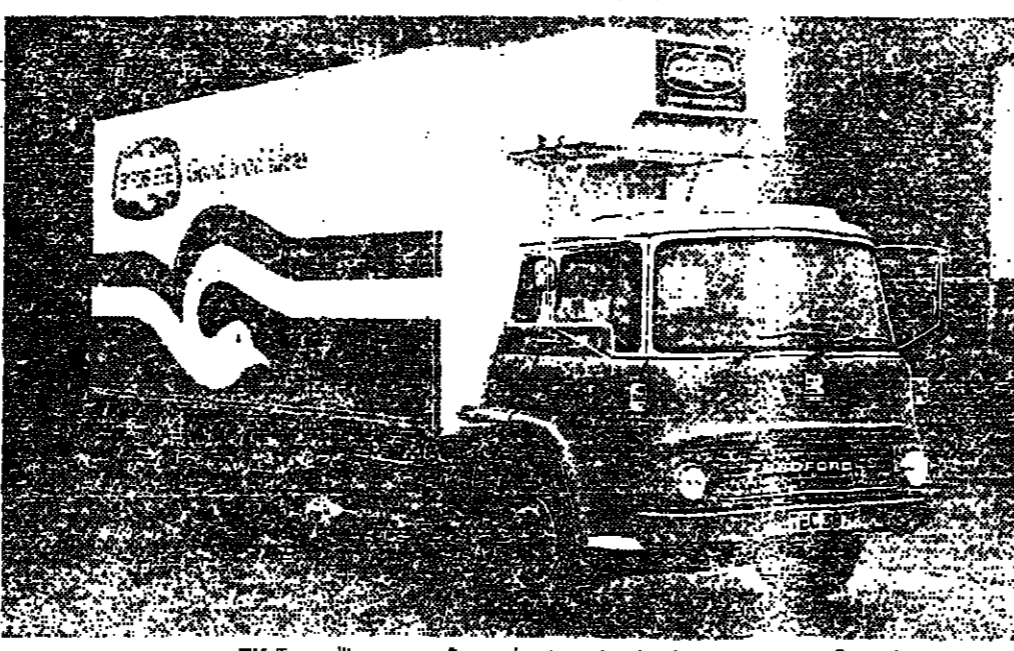
New Chevonne. 1255cc Chevonne engine. 2 star petrol. Sixtyish and comfortable. Drives like a car. Nearly half a ton payload.



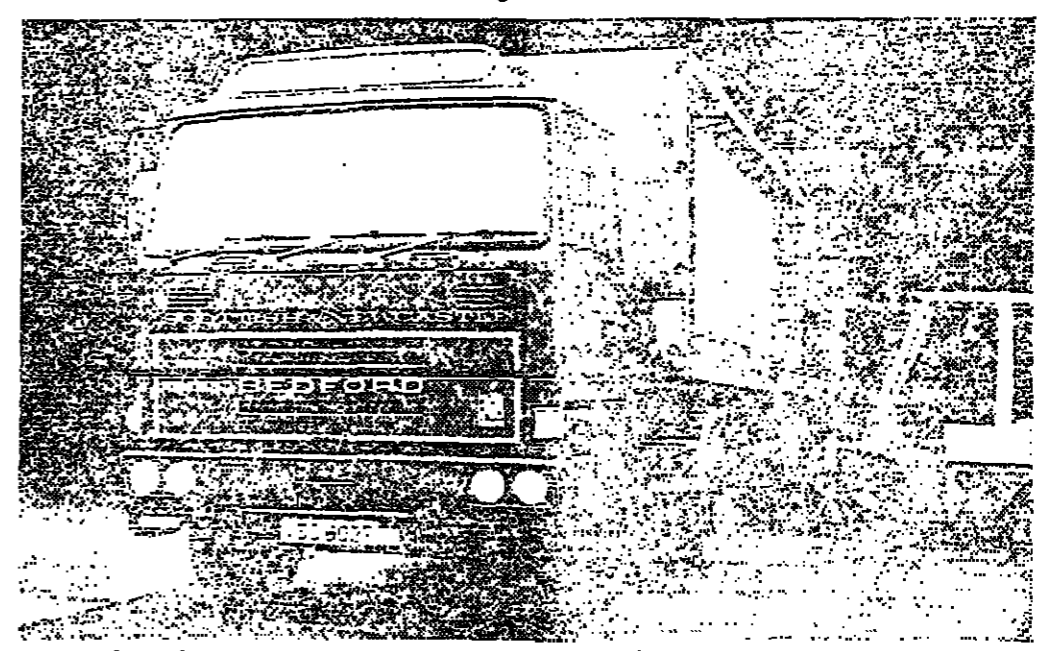
CF. Whole catalogue of recent improvements. New option of well-proven 2064cc GM diesel. New high-specification cab.



Bus & Coach. Full range including YLQ and YMT chassis with mid-engine design and Bedford 500 diesel. Excellent ride and handling. Low initial cost.



TK. Top selling range. Four wheelers, six wheelers and 11 axors. From 5.6 ton to 19 ton gross. Renowned for high payload capacities.



TM Muscle Trucks. Premium specifications. From 17 tonne four wheelers to 42 tonne double drive six wheel tractors.

From light vans to top weight premium trucks, the Bedford range has something for everyone involved with transport — in service industries, wholesaling, retailing, distribution and haulage. This wide choice, plus our traditional reputation for providing reliable and economical

transport, made Bedford the top selling truck in Britain in 1976. Have a word with your transport manager about the complete range. He probably hasn't had a chance to read this paper yet.



BEDFORD The choice in transport.

rules CONTINUED FROM PREVIOUS PAGE

id only about 1 per cent. The hold of Volkswagen to introduce diesel engine Golf into volume production is to influence the market. People more conscious of the diesel engine's fuel economy would prefer the spin off more to affect light commercial vehicles, in which diesel is already growing at 16 per cent. per annum. Since fuel consumption, always important, is now a more significant factor than power output, turbo-charging 4-stroke engines is a generally acceptable compromise. Further away are new types of engine, and perhaps specially stratified charge engines on which a lot of work is being done at European establishments. So far, however, Honda is the only one to have used it in production vehicles — it is the (petrol) power unit of the Civic, on sale in some export markets like the U.S. but not yet in the U.K.

lan Hargreaves

COMMERCIAL VEHICLES VIII

Closer links being forged

ALTHOUGH SAAB-SCANIA has abruptly called off its proposed merger to Volvo...

Volvo and Scania probably had more reason than any of the other groups to retain their independence...

On the other hand, the established producers have some weaknesses in their organisations...

One approach now being adopted by some manufacturers is to develop a wide range of vehicles from the very lightest vans to the heaviest trucks...

Obvious

The progress towards a pan-European approach has been taken furthest in northern Europe, possibly spurred on by the obvious trucking routes across the north German plain...

Whether all these companies can develop on a European scale and find a sufficient market within Western Europe to support themselves is one of the larger imponderables now facing the industry...



Axle production at Eaton's plant at Aycliffe in Durham.

Drivers become more choosy

A NEW concept is now taken into account by any company producing a new big-truck design: driver acceptability...

Modern drivers are knowledgeable and discuss their car buys as learnedly as sportsmen...

How far manufacturers go to take this into account is seen in the brochures they put out to sell trucks...

Revolutions

The Scandinavians (DAF, Volvo, Scania) were the pioneers, but all the others have now caught up or are in the process of doing so...

In the United States the overdrive gearbox and the single-reduction axle were available earlier than over here...

Legislation is expected calling for not more than 78 dB(A) of noise in the truck cab...

Trucks throw up curtains of road spray even on modern well-drained roads...

The economics of road building may also force lighter axle loadings to cut down road damage...

proved, and air circulation eliminated the danger recently discovered in cars of the way in which hydraulic fluid absorbs water...

Automatic transmission has not made much progress in Europe as it costs up to £2,500 extra...

The modern Eurotruck's 300 hp super-charged diesel engine may cost £2,500 and have a life of a million miles...

Bedford has a cab of its TM range which won a Design Council award for "high overall standard of detail design..."

Bedford has a cab of its TM range which won a Design Council award for "high overall standard of detail design..."

deliver and there's demand, had begun. It is far too soon for the outcomes will be whose bus will be best...

Table with 4 columns: PTEs, London Transport, National Bus and Scottish Bus, Municipal authorities, Independents. Rows show fleet size and stage carriage counts.

producing chassis for trucks. But in the case of the biggest double-deck producer, Leyland, this will not be possible because its Titan vehicle...

It was partly because Leyland needed to be doubly sure of its market that the State-run company, pushed along by the National Enterprise Board...

In the event, something must indeed give. It may be, of course, that double-deck exports (currently limited for the most part to former British colonial territories) will take off...

four-crew cab is desirable with seating for eight. An indication of this is the diesel engine is used in the United Kingdom...

Dodge also featured driver comfort in its new cab, with protective electric screen wave sun visors and slanted better visibility. The complete unanimity among the big makers...

In the league table of first seven months of Ford was leading in sales trucks, with British second, then Bedford...

George

Buses face a jolt

"Your business doesn't run on fuel, but on money."



We all know that television serials are just make-believe. Most of the time. But sometimes...

But don't imagine for a second that you'll be settling for second best. As the leading trailer rental organisation in Europe, TIP can provide you with a whole fleet of trailers tailor-made to your personal requirements.



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COMMERCIAL VEHICLES IX

Battles among the heavy brigade

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Last year the U.K. market for articulated truck units over 28 tonnes was 10,438 vehicles and went up to 18.7 per cent. of the total truck market.

Belgium, West Germany and France are all at 35 tonnes and all Governments are now under pressure from their indigenous manufacturers to support their cause in order to ensure that any agreement thrashed out on the EEC would give them an edge over foreign competitors who are producing a different type of vehicle.

power units speed journeys, reduce wear and are often as economical. All this again improves costs per mile, and therefore profitability. Other subjects likely to come under future legislative scrutiny are noise and emission controls.



A new MAN tractor unit.

however, removed all the anxieties of the industry and not indeed has it resolved many of the puzzles. At present, there seems to be no bottoming out of the decline in demand for bus travel (passenger numbers have fallen by about 40 per cent. a year for some years now) and although some urban services are picking up, the size of Britain's bus fleet—bigger per capita than any in Europe, seems certain to fall further.

So for the manufacturers of buses there are, as ever, more uncertainties than certainties in 1977. The general trend away from single-deckers for stage-carriage services continues, but even that may begin to look different if the articulated bus (in effect two single-deckers linked together) demonstrated in Britain recently by Leyland's Danish subsidiary is legalised in this country.

Buses

CONTINUED FROM PREVIOUS PAGE

EUROPEAN BUS PRODUCTION

Table with columns for U.K. single-deck, U.K. double-deck, France Single/double, Germany Single/double, Italy Single/double, Sweden Single/double and rows for 1975 and 1976 production figures.

* U.K. is responsible for 95% of used double-deck sales. Source: SMMT

Outside Britain, there have been some encouraging announcements about public authority spending on bus services, especially in the U.S., Canada and Australasia.

In Europe, competition from other manufacturers is probably too strong to permit more than a foothold for British bus coach makers, but there is no doubt that unless some pretty rapid downward revision of production estimates is to be done, only the overseas markets will be able to take the strain out of Britain's 1980s bus bulge.

Ian Hargreaves

Any final decision will have to be made against a variety of criteria, not least the ability of road systems to take the bigger lorries. But an increasing number of vehicles are being built in the U.K. which are capable of being run at higher axle weights. There is the added difficulty of engine power delivery and this is the subject for separate talks, but so far the manufacturers have just about managed to cope with the planning difficulties brought about by having to base designs, to some extent, on a long gaze into a legislative crystal ball.

Ranges

There is, however, some hope that engine ranges may be rationalised as talks continue and operators themselves turn to higher output engines. While the bhp argument is also linked to the axle-weight argument the operator argument is constant and based on efficiency.

Stuart Alexander
The Scandinavians, who for so long had their own way, are now being pushed hard, and in the U.K. Leyland is beginning to look like a success story.

And then we specialised in trucks above 9 tonnes GVW.

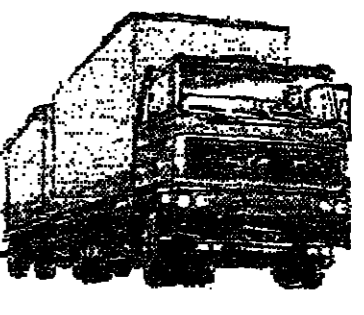
A question of foresight!

Exactly. It wasn't by accident that we chose to specialise on trucks in the heavier categories. First, we made a thorough survey of the market, then, we made our choice. We are, of course, still carrying out market research, day-in, day-out, keeping our finger on the pulse. Keeping up with the unpredictable social and economic developments—and more importantly, keeping ahead of them. The top of the DAF Trucks range is more than an adequate answer to current demand for heavy trucks. Foresight and quality

control are what count at DAF Trucks. That's what it's all about. Not just in our traditional European market, but also in those countries with growth potential. Just look at our activities in Africa and the Middle East. We are continually looking beyond the front of our trucks, endeavouring to make the widest possible use of our know-how and production potential. Our production programme includes trucks, tractors, tippers, concrete mixers, bus chassis, special vehicles, trailers, semi-trailers,

terminal tractors, military vehicles, complete engines and axles. All this makes us the most versatile manufacturer in Western Europe. Are we satisfied with this? No. We cannot afford to rest on our laurels, we know that the success of tomorrow is gained by looking ahead today. We are doing just that. A question of foresight. For further information DAF Trucks, Sales Promotion and Advertising Department, P.O. Box 1055, Eindhoven, Holland. Tel. 040-149111. For the United Kingdom: DAF Trucks (GB) Ltd, Thames Industrial Estate, Marlow, Bucks SL7-1LW. Tel. 06284-5955.

DAF Trucks



MARKET CARRIAGE...
...1,700...
...1,200...
...13,000...
...1,700...
...3,100...
...29,700...
...trucks...
...Leyland...
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COMMERCIAL VEHICLES X

The pros and cons of diesels

A RECENT Government-sponsored report by the Advisory Council on Energy Conservation came to the same conclusion that year was about 122,000 units. Substantial fuel savings could result if half the 1m. petrol-engined vans in Britain in the 25-350 hp range, or some switched to diesel engines. But 60 per cent. of total world output goes on to point out that a put.

The U.K. and Western Europe produces about 700,000 units each, about the same as in the U.S. and Japan. France and Italy follow in the 200,000-300,000 bracket, while Spain contributes another 125,000 or so. The remaining 100,000 output is spread among seven other European countries. The two largest producers in Europe are Perkins Engines, the Massey Ferguson subsidiary, which has the widest range of any in the world and is especially strong in the fork-lift trucks and agricultural tractors; and Daimler-Benz, the biggest makes of diesel-engined taxis and cars. In the 25-500 hp bracket these two are close rivals in the battle for world markets, with Perkins claiming 15 per cent., just ahead of Daimler-Benz. At the other end of the scale are the specialist producers like Rolls-Royce and Gardner (now in the Hawker-Siddeley group).

In between are the vehicle manufacturers like Ford, General Motors, British Leyland, Peugeot, Fiat and others which make diesel engines for part of their range and buy in the rest of their needs from the "independent" makers. The pattern is much the same over the rest of the world, although in America the cheapness of gasoline has largely confined diesel engines to the heavier trucks and tractors. America is seen as the big growth area in the next decade or more, though demand is unlikely to take off with quite the same speed as it has done in Japan where, last year, light vehicles sales accelerated from 1,500 to 230,000 units. Not surprisingly in view of Japan's rapid expansion in diesel output there is surplus capacity still to be soaked up somewhere.

A study of the world market by Perkins Engines shows that last year diesel engine output for automotive applications totalled 1.86m. units, with 1m. for agricultural purposes and 0.9m. for industrial and marine. The aggregate of 3.8m. is just 1m. greater than in 1970. Within the automotive bracket the fastest growing sector has been, and continues to be, light vehicles. This has been growing at an annual rate of 16 per cent. which compares with 4.5 per cent. for heavier commercial vehicles, and 12 per cent. for cars. Leading vehicle makers in all the main production centres of Europe have been expanding their light diesel engine programmes for panel vans and other types of commercial vehicles in the up to 4 tonnes range. Over the next decade, assuming demand is not

distorted one way or the other by legislation or other factors, Perkins sees the automotive sector growing by around 8.6 per cent. a year, with industrial diesel engines the next largest growth area. Accompanying this growth will be a steady trend towards higher horsepowers, in the range of about 1.5 per cent. per annum for light commercial vehicles and cars, in much the same way as has occurred in the tractor field.

If these projections prove anywhere near correct, there should be good pickings for British diesel engine makers and motor manufacturers, for their particular strength lies in the lighter end. To an extent it has been left to heavyweights like Rolls-Royce, Cummins and Caterpillar to fill the gaps in the higher horse-power end.

The trends, given an upward twist by the oil crisis of 1973, have been as keenly noted elsewhere in Europe, and an extension of tied production in the motor industry will limit the degree to which "independent" producers can benefit. The enlarging pattern of multi-sourcing also has to be taken into consideration, especially among the international companies like Ford and General Motors, and the closer technical links such as those being forged between British Leyland and Renault, Peugeot and Ford.

All in all, Perkins takes a cool view of the future. As a supplier to several main motor industry plants like Volkswagen (for its LT van) and Volvo as well as being a rival in areas where the same customers are selling "loose" engines, it is well briefed to make an assessment.

Investment

"We see no diesel explosion," Mr. Mike Hoffman, Perkins Engines managing director declared. "We don't see the same amount of change occurring in the next five years as in the past five." Perkins has no intention of making a major investment to expand production for what could easily prove to be an illusory market. Some of the reasons for this have already been touched on. In thinking through its future the company is vividly aware that it would no doubt be welcomed as a supplier to a producer of light vans (for instance), but that when demand began to exceed, say, 20,000 diesel engines annually, the customer would decide to make them himself—as happened when Ford's York engine displaced Perkins. And also, it is impossible to foretell against changes in legislation which could result in finding an investment of £15m.-£20m. too advanced for its time, technically or in demand terms. Moreover, a lightweight diesel for commercial vehicles would not necessarily also cover cars, which have different requirements for durability and price. A diesel for the life of a car, 80,000-100,000 miles at the out-

side, would be of different design to that needed for a longer-lived, higher mileage truck.

That is not to say Perkins is standing on the sidelines. It has just committed £9m. in machine tools and equipment for a new engine, code-named Q11, as a logical development of the popular 4-108. It is also spending around £1m. a year on research and development as an important part of the £15m. or so a year being spent in U.K. to enable the company to continue to provide high technology engines to keep it in the van of progress. But it sees no immediate prospect, or necessity for departing from the current concept of four operating subsidiaries, although the opportunities for further licensing and associated activities are considered bright, especially in the ASEAN territories. The company is presently tendering for a joint venture project in Singapore on the lines of those in Iran and Poland. Such developments are having a dramatic impact on shipment of parts, ranging from a few key components to an almost complete engine, for assembly overseas. In three years the kit content has more than doubled from 58,000 units to 163,000, and two-thirds of Perkins' worldwide production comes from the Peterborough plant in the form of finished engines or kits.

In looking at diesel markets, the motor industry sees America as a significant growth area, for while it is heavily dieselised in heavy transport, both the light commercial vehicle and industrial applications are chiefly dependent on gasoline. However, prospects are clouded by the way in which legislation to deter gasoline consumption will be formulated. It may well be, for instance, that smaller petrol-engined cars will be introduced (which would present additional competition in export markets as well as curbing imports) and that the big cars will be kept on the roads with diesel engines. Until legislation becomes a lot clearer it is impossible to forecast what the light commercial vehicle market will do. One guesstimate puts it at around 150,000 units a year.

Taking a wider view of the world energy problem, there is obviously scope for extending the 7 per cent. diesel penetration of the light vehicle market, perhaps above the present 16 per cent. per annum growth rate. As has been said, the chief area of expansion is Japan, and it may be significant that it had just started to market light commercial vehicles in real earnest, perhaps to offset the voluntary curb on car sales. There can be no doubt that although diesel imports have so far been negligible, the Japanese are capable of exploiting the market with the same aggressive brilliance as they have shown in motor cycles and cars.

Peter Cartwright



A step-frame van trailer from Bedford on hire to the Welsh National Opera Company.

Trailer market picks up slowly

THE U.K. trailer industry is now being pulled along in the wake of the rising commercial vehicle market to sales levels last achieved about four years ago. For the moment, at least, the depression appears to be over with output predicted at about 18,000 units for the year compared with 12,000 in 1976, and although there are some fears of slippage in the latter half of this year, the industry is able to sell everything it can make at present.

The years of slump have been used in the traditional fashion to restructure the industry, so that it is emerging as a more compact group of larger companies than it was a few years ago. The big question hanging over all these moves during the last few months has been the future of Crane Fruehauf, the biggest concern in the industry, and the subject of a Monopolies Commission investigation following a bid from Fruehauf Corporation of the U.S., which already owns 33% of the British organisation. This bid could clearly have a great impact on the future of the U.K. concern given that the American-based company already controls several similar trailer companies on the Continent with the possibility of either inte-

grating or dividing manufacturing and marketing between them.

Crane Fruehauf itself emerged from a reorganisation of the British industry in the mid 1960s which saw the merger of Crane, a post-war U.K. company, and Fruehauf, which was looking for an entre into the British market. Since then this group, combining Crane's expertise in the quality end of the market with Fruehauf's knowledge of mass-production techniques, has asserted its dominance in the U.K., capturing about 50 per cent. of total sales. In 1968, it took over Boleys, another fairly large volume producer, and last year pushed into a further diversification with the acquisition of Pensco, a Peterborough producer of rigid commercial vehicles and vans.

Acquisition

The Penco acquisition confirms Crane's intentions to develop as broad a base in its business as possible. It takes the company into the smaller-size product end of the industry where there continues to be strong demand, and where unit sales may actually increase as opposed to the heavier end

where unit output tends to stagnate although the size and volume of the individual product increases.

At the same time Crane has this year made considerable headway with its marketing of the doubles system of trailers. This involves pulling two trailers behind one another in motorway conditions, then breaking them up separately for individual delivery, the idea being to eradicate the costly business of splitting loads for delivery around urban centres.

Doubles have been used extensively on the Continent for several years, but were only legalised in Britain about two years ago, and operated up to now under supervision of the Ministry of Transport. But in recent months there has been a notable relaxation of the Ministry's policy on granting doubles permits, which seems to indicate a growing approval for the system. The basic British maximum vehicle weight of 32 tons still applies for the vehicle, but a slightly longer total unit is allowed—18 metres against 15 metres. Thus the system lends itself to use by organisations such as supermarket chains which require a great deal of bulk rather than weight, and may have a variety of delivery points within an individual corporation. The two trailers are unhitched and coupled up to separate tractor units for final delivery.

York Trailer, another transatlantic concern, based in Canada, has been particularly aggressive in its takeover policy during the last year as it built up its challenge to Crane's dominant position. The first of these acquisitions was Carrimore, a Durham-based manufacturer of hoists and tipping equipment as well as a small-scale trailer builder. The idea behind this 1940,000 move was to add Carrimore's expertise in the hydraulic field to the highly-integrated York business, which already encompasses suspensions and axles at its Market Harborough works.

The second York acquisition was Scammell Trailers, a company within the Special Products group of British Leyland, for £700,000. Scammell used to be a division of the Scammell truck business which is now part of Leyland Truck and Bus, but had been hived off into different premises at Hovingham near Nottingham, in an attempt to build it up into a profitable contender in the market. Although the company launched a new range of trailers last year which was relatively well received by the trade, it failed to make the kind of profits demanded by the new Special Products management, and was therefore hived off to York.

York has, in turn, promised to keep the workforce and facilities intact—it needs Scammell for extra capacity, it says—and believes that the purchase will push its market share up to about 35 per cent.

The third of the significant U.K. producers, Cravens Homalloy has also formalised its own reorganisation this year by changing its name to Craven Taskers, and deciding to manufacture all its trailers under the TASK logo. This institutionalises the absorption of the former Taskers concern into the

group after its takeover early 1970s.

At the same time Taskers, which is a subsidiary of the John Brown group taken on a licence by Delatre-Levievier group France to strengthen its position in the more specialist of the manufacturing industry. The French manufacturer particularly skilled in the field of multi-axle heavy duty, suitable for carrying cargo of up to 1,200 tonnes.

The other element of rationalisation of the industry is the growing influence of U.S.-based companies. The biggest American concern is Fruehauf and Pullman, highly active in Europe. Fruehauf established many, France and Ho well as the U.K. through its 50 per cent. stake in Cr Pullman in France through ownership of the Trail pany. Tralor, a business in France, is base in Britain as well its acquisition of the Peak Trailer company although this has not a significant force as clearly makes the A owned company a thin longer term. It itself, with its ability to its manufacturing experience European cent dictate marketing terms the U.S., has also est a commanding position.

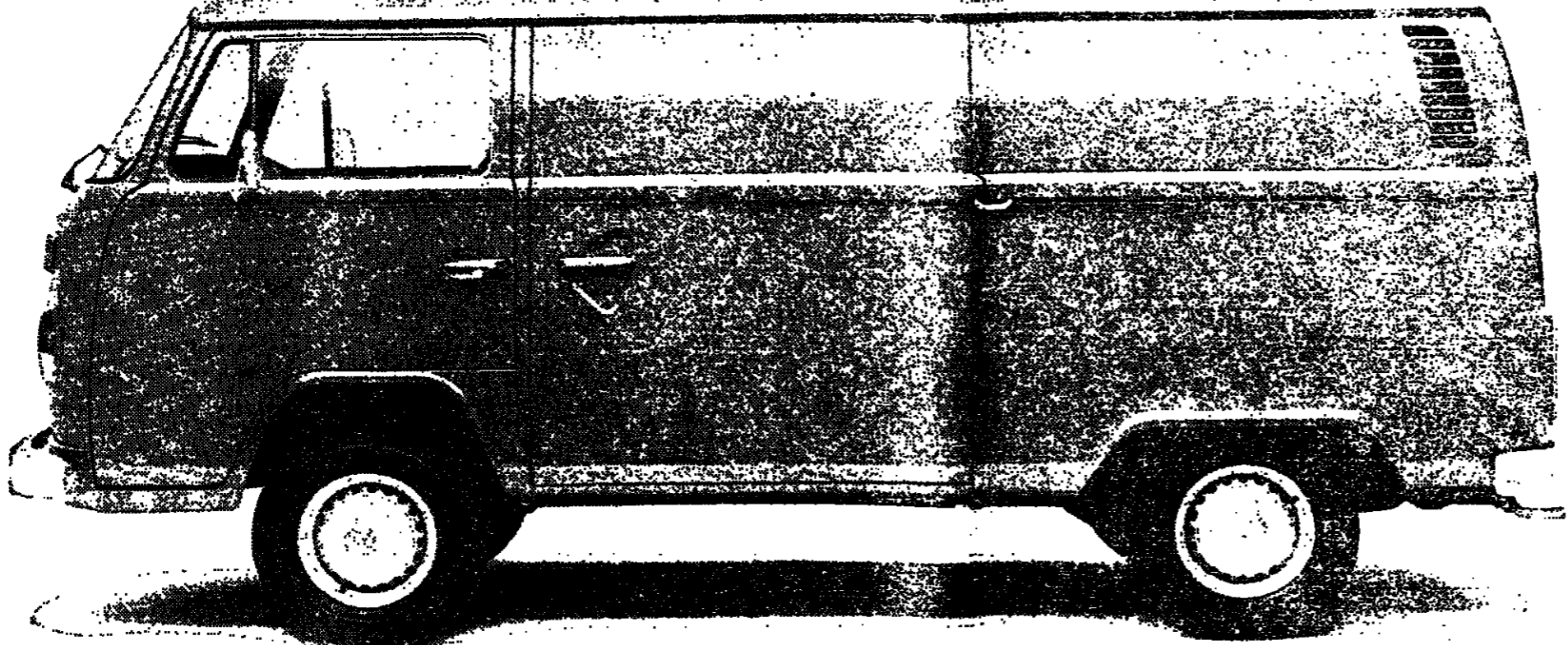
Operational

There has been a steady increase in the number of trailers in Britain which has been successful in creating a stronger market. Exports have risen steadily in the last few years, with smaller concerns such as M. and G. (a subsidiary of J. and J. Dyson), Bonalack (owned by Tidd Strongbox and Systems following the big concerns and take up the slack of the depression in the 1970s. Sales to the rest of Europe have been particularly strong in the Middle East and have been particularly successful in Nigeria.

Only this year for Crane Fruehauf has set a distribution organisation in Saudi Arabia which is worth £3m. This follows the great assembly organisation year ago, which should be fully operational. York Trail, has done a great business in Nigeria, beginning to establish sophisticated haulage on the back of its own. All of these concerns are also looking forward to increasing sales in Europe as barriers come down. Opportunity arises for those who can sell at lower costs. The industry is beginning to rationalise its products as big as the U.K. producers, Cravens Homalloy has also formalised its own reorganisation this year by changing its name to Craven Taskers, and deciding to manufacture all its trailers under the TASK logo. This institutionalises the absorption of the former Taskers concern into the

Upswing

Diesel penetration has already gone so far in Europe that it is difficult to see a dramatic upswing. This is the power unit for all but a small fraction of agricultural tractors, commercial vehicles of over four tonnes, taxis and buses. In the U.K. the market for diesel vans of under 3.5 tons capacity reached a peak in 1973 before feeling the effects of the three-day week and constraints of motor industry disputes. Diesel penetration has only compar-



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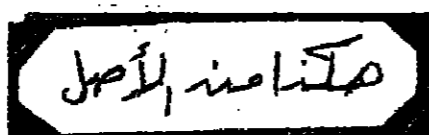
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COMMERCIAL VEHICLES XI

The component makers

COMMERCIAL vehicle makers in Europe have developed two sharply conflicting views. One, closely associated with the U.K. and aligned to a system, is based on a number of powerful component makers...

the two German manufacturers, already co-operate in the production of a range of big engines, for instance; and MAN and Volkswagen are forming a joint organisation for production of a medium-size truck...

ventures emerging on the Continent. Eaton, for example, believes sufficiently in its ability to attract Continental companies to its Fuller gearboxes...

joint development projects, Saviem has recently come together with Fiat and Alfa Romeo, for example, to build a new plant for small diesels in Italy...

facturing gives the final assembler a much greater control over the final quality of the product. At the same time, its assembly processes are extremely painstaking...

Relationship

On the Continent, the only similar company to Fodens is Faun, the West German manufacturer, with which the British company established a marketing relationship a few years ago...

Role of the specialist

THE HISTORY of the past 20 years of conglomeration in the European and world motor industries has established a powerful movement away from the specialist manufacturer...

is an example of a company which has been swallowed by a larger entity but which survives as a specialist within it. Leyland, now Scammell's parent company, allows it a great deal of independence to go its own way...

consists basically of five vehicles — its fire crash tender, the Contractor, the Super Contractor, the LD 55 dump truck, and the Crusader four-wheel drive vehicle...

Fodens' bread and butter line is its eight-wheel rigid vehicles which are bodied with tippers or tankers, and powered with Gardner, Cummins or Rolls Royce diesel engines...

Whether these companies can continue to live against the pressure of the giants is, however, an open question. Fodens itself fell into very serious trouble in 1975 from which it had to be rescued by institutional funds...

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And indeed, the majority of the components that make up most of the vehicles that keep industry moving in Britain and Europe.



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COMMERCIAL VEHICLES XII

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Desmond Pitcher

Desmond Pitcher

THE APPOINTMENT of Desmond Pitcher as managing director of Leyland Truck and Bus raised a lot of eyebrows in the commercial vehicle industry. Here was a complete outsider, who had never been involved in the business before, taking over the biggest job in British truck manufacturing. In an industry as closely knit as commercial vehicle production this came as a severe jolt, and there were plenty of Jeremiahs willing to warn of the dangerous consequences of inexperience.

What no one can deny, however, is that Pitcher has a sound grounding in modern business methods, deriving from his spell at the top of Sperry Univac in the U.K. He also has an engineering degree and, appropriately enough for a Lancashire-based company, was born in Blackpool. Much more reserved than the traditional showmen bosses who have come out of Leyland, he is, nevertheless, an approachable man, and has an earnest, professional manner typical of the Transatlantic-style managerial systems in which he has learned his trade.

These sober, analytical methods have been brought to bear on the reorganisation now being pushed through at

Leyland. The flamboyant style of the days when Leyland would dispatch a man to a new export market at a minute's notice, and when the management was so closely knit that major decisions were agreed on the spot, have disappeared. The organisation is being split up into carefully defined divisions, each responsible for one aspect of production and domestic marketing, and each working to specific long-term plans.

These divisions, reflecting the kind of organisational and financial structure which has been developed under the influence of American management thinking, cover heavy trucks, light and medium weight trucks, passenger vehicles, parts and engineering services. The latter is a group function with service responsibilities to all the other divisions, but each of the operational divisions has its own general manager and staff looking after personnel, finance and marketing. Overseas sales are under the direction of Leyland's International Group, which also looks after the Cars group.

As this organisation has evolved since Pitcher joined Leyland ten months ago, it has become clear that Leyland is aiming to make the two Scottish plants at Bathgate and Albion a separate entity responsible for the lighter weights, while concentrating heavy vehicle production at the headquarters in Lancashire. The former AEC works in north London are being switched to bus production, and the Guy factory in Wolverhampton to extra heavy duty trucks to complement the Scammell range of specialist vehicles. The headquarters works will also maintain its interest in component and engine production.

It is also clear that Pitcher wants to maintain Leyland's deep involvement in component production rather than switching to a pure assembly approach for its vehicles. This is on the grounds both of ensuring quality and control over the product, and of maintaining the level of employment for the group's 30,000 workers.

Already the investment in these projects - set at about £35m, overall in the Ryder Report on Leyland's future - is beginning to flow. Some £20m is in the process of being spent to expand output at Bathgate and switch the Albion plant from truck building to components; and another £32m has been committed for a new, computer-controlled assembly hall to modernise heavy truck production at Leyland, Lancs.

Commenting on these developments, Pitcher says: "Our announcement of a £31.8m assembly hall for trucks will enable us to introduce progressively variations in our current range as well as new models in our truck programme. This is vital in our plans to improve our share of the truck business and to intensify our efforts to win a sizeable share of the European market."

Cyril Corke

LIKE BRITISH LEYLAND, Chrysler U.K. is going through a large-scale revamp of its commercial vehicle operations. This root and branch reorganisation is all part of the Government-backed rescue plan for the company, which is designed to modernise its production lines and establish a better base and an improved product line. At the same time, the group is being integrated much more closely within the total organisation of Chrysler in Europe. This again is an aspect of the rescue scheme, which recommended that Chrysler should seek European economies of scale and make its U.K., French and Spanish concerns act as a co-ordinated unit in its fight to survive.

The impact of most of this reconstruction is still to be seen, but it is already clear that the commercial vehicle section of the company will emerge as a more clearly defined activity. In Europe, for example, commercial vehicles are to be given their own separate marketing organisation which will be quite independent of the car company; and in Britain, the U.K. staff looking after the truck interests have all been transferred to the main truck centre at Dunstable to bring them closer to the action as opposed to the former site at the Ryton car factory.

The man who has the task of pulling the company out of the present trough in the U.K. is Cyril Corke, a 50-year-old commercial vehicle expert who worked for the Rootes group before the Chrysler takeover. Corke's main job in the last 18 months has been to rebuild morale after the crisis in late 1975. Although the commercial vehicle activities resisted the impact of those troubles longer

These profiles were written by Terry Dodsworth

Philip E. Benton

PHILIP E. BENTON JNR, the new head of Ford of Europe's truck activities, inherits an enviable position. At the age of 48 this round, soft-spoken Southerner from the State of Virginia, takes on a company which has experienced 15 years of steady and, at times, dramatic growth. The company is currently the biggest commercial vehicle producer (in units, which do not, of course, reflect the size of the product) in Britain, and has the largest overall sales. On a wider European scale Ford is probably the second largest producer in the field on about 200,000 units this year against Mercedes' 250,000; and it has a widely-fung sales empire which is one of the broadest based in the EEC and EFTA.

These half statistics overstate Ford's importance in the European industry because its size depends to a great extent on its smaller vehicles. The cornerstone of the company's success is the Transit van, made at the rate of about 100,000 units a year, and a strong point in its marketing expansion throughout Europe since it could be sold through the car franchise; similarly, Ford will receive a big boost to its figures this year from the sales of its Fiesta van, already launched in much of Europe. These kind of products, in relation to the 50,000 heavy lorries which Mercedes can produce in a year, are small beer in financial turnover terms.

Even so, Ford now has a complete range of vehicles for Europe following the introduction of the Transcontinental heavy truck two years ago, and has just received a boost from raising output of its D Series truck made at Langley in the U.K. from 100 units a day to 134. The D Series, in its phase 1 configuration of up to 18 tonnes, has for some time been in short supply, despite the age of the design which has been in production for 12 years. Bottlenecks have now been removed in the production process to improve the situation, and the added output should help expand the truck's significant export sales which already stand at 66 per cent of production.

Clearly one of Benton's main jobs will be to encourage Ford's ventures into the heavier weight classes which will be vital to the company's future. Market forecasts to-day suggest a continuation of the gradual move towards larger vehicles in the weight ranges over 3.5 tonnes for most haulage except specialised local delivery work. This was the thinking behind the launch of the Transcontinental,



Philip Benton

and indicates why Ford wants a separate vehicle on the roads as a well-tried product by the end of 1980s.

Another feature in the next few years of Ford's development will, presumably, be new products. Both the Transit and the D Series vehicles are more than 10 years old, and for a product-oriented company like Ford, always working on the policy of replacing vehicles before they have lost their appeal, this seems like a long time.

But possibly the biggest task facing Benton will be in raising sales in Germany. Here Ford has patently failed in its attack on Mercedes' home base launched five years ago. Despite successes in the rest of Europe, and its presence as a home-grown car manufacturer, Ford has been unable to make much headway against the traditional appeal of the established German producers. Other commercial vehicle companies have, of course, suffered from similar problems - even Volvo, with its highly-rated heavy trucks, has made little impact.

But Ford appears determined to go on and to support the 80 or so dealers it has in Germany for a few more years.

Des Savage

WHEN DES SAVAGE took over as head of Bedford's commercial vehicle marketing about two years ago, the company was in the midst of its most important reorganisation in recent years. This restructuring goes back to a decision by General Motors, the parent company, to establish a different relationship between Vauxhall, the car manufacturer, and its Bedford subsidiary in the U.K. and Opel, GM's German subsidiary. The idea was to integrate their activities more closely, basically by giving Opel the main responsibility for European car development, and Bedford total responsibility for trucks. Within the U.K. this meant

splitting the marketing function for cars and commercial vehicles - the job which eventually went to Savage. But in a wider context, it also meant establishing a new European organisation for trucks which was much more closely tied to Bedford. The change was a crucial one, because in the past the individual General Motors companies within any country had been chiefly responsible for Bedford sales, with only distant links between them and the truck company itself. Bedford had often complained that this eroded its ability to control its own future.

Savage, a 47-year-old former Vauxhall apprentice who had a long spell in vehicle retailing, has therefore been responsible for bedding down a new system of marketing in Europe. The idea is to have a marketing team for Bedford trucks in each country which is responsible to Savage, giving Bedford a much closer feel and control of its operations. The Continental never made the impact which its success in the rest of the world would suggest that it should have done, is meant to have much the same sort of relationship with head office under this organisation as the U.K. sales operations.

Alongside all these organisational developments, Savage has been responsible for the introduction of a whole new range of products at Bedford. The new TM heavy trucks, first announced at the end of 1974, have been gradually brought onto the market over the past two and a-half years until the completion of the project this summer with the launch of the 38 and 42 tonne versions. With three different engines and three different cabs in the range, this is the biggest new product programme in Bedford's history. It places the company firmly in the small group of European manufacturers with a complete span of the market in terms of product range, and gives it a base on which to build far at least it seems to as a European rather than just a U.K. company.



Des Savage

The evidence points to gradual improvement in Bedford's position on the continent although this is most clearly seen in the case of the CF van rather than its larger trucks. In Britain, Savage presided over a steady recovery in the day's fortunes to top the trucking (vehicles of more than 3 tonnes) in 1976. Its share has slipped this year to place it behind both Ford and Opel, but its total should not be a great behind last year's 12,894 units. Up to the July it had sold 6,595 against 7,288 in the same last year.

Despite this home market, Bedford's tuning to do well overseas has pushed up its sales substantially this year on the basis of this, production rising. In the first half year Bedford's output averaged a figure of 1,740 a week against 1,740 in the period a year ago. A complete span of the market in terms of product range, and gives it a base on which to build far at least it seems to as a European rather than just a U.K. company.

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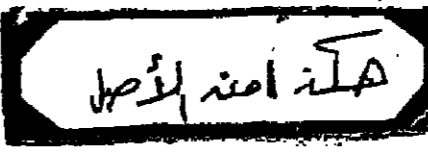
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COMMERCIAL VEHICLES XIII

Four-wheel drives

NEWS that a new com- the U.K. Jeep U.K. has been... to support four-wheel... from American Daimler-Puch... to challenge the virtual... of Land Rover's illus...

drive vehicles were sold in the U.K. The vast majority of them Range Rovers or Land Rovers. This virtual monopoly is coming under very much stronger attack and explains Leyland's desperation to get on with a £249m. expansion programme to double output from the Solihull plant near Birmingham. While no doubt it can defend its home market against all-comers in the range it produces, the Land Rover range is limited to a one-ton payload and thrusting overseas manufacturers have identified the gap above it and are moving fast to fill it.

forward control vehicles use either Ford or Chrysler engines of from 2.8 to 7 litre capacities and standard vehicles are equipped with those companies' automatic gears on the principle that it is better in rough driving to have both hands on the wheel. The four-wheel drive is supplied by a Ferguson unit made at Coventry, and it is the manual gearbox which is optional. A feature is that one-third power is delivered to the front wheels and two-thirds to the back. The drive system locks solid if a wheel spins and automatically returns to "normal" when grip is restored. The project has already aroused keen interest, with 400 overseas orders already taken—practically the whole of the first year's production. Because of the simplicity of design and assembly, it is not contemplated that more than around 3,000 a year will be made in any one factory. Instead, units of this size will be established wherever the demand exists, because all except the engine and transmission and certain other specialised components could be made locally.

is due to Rover's conservative former management. The massive £249m. plan is a late realisation that the Solihull plant, which also makes the new Rover saloons, could be at least as successful on a larger volume. "The company recognises that if it is to retain and increase its 15 per cent share of the world four-wheel-drive market such an expansion programme must go ahead quickly and must meet its productivity and timing targets without any loss of current output." This encapsulates British Leyland's ambitions and problems: embracing an enticing future but conscious that in the Middle East—one of its best export markets now that the political ban has been lifted—it could all dissolve into a mirage because of industrial relations problems at home: like last year when Land Rover sales to Europe were 1,300 down at 4,344 among total exports down from nearly 41,500 to under 35,800. Output was also down from 52,800 to 48,800 in round figures. Nor did Range Rover do any better. Europe was spiralling down from 3,700 to 3,200. Nevertheless, although output was down by nearly 1,000, at under 10,000, total exports dropped by only 700. Not a very significant comparison, perhaps, but indicative of how much better exports could be, with a more consistent output, always providing of course the home market can be successfully defended. It has already had its nose put out of joint in some export markets: and at home by its own workforce. Much will depend on whether the State-owned giant will be able to take the workforce along with it in the integration with nearby Triumph and so persuade the National Enterprise Board to cough up again with £249m. It can hardly go unnoticed that a different government department is backing the simpler, newer concept of Stonefield Motors.

The reasons for this fall away are not difficult to discover. The creeping devaluation of the pound reduced their price competitiveness. British made chassis (the Leyland Sherpa, for example) have been improved in suitability and quality. And the all-British coach-built caravan—the kind that is high enough to walk about in—may now be as cheap or even cheaper than a converted VW panel van with elevating roof.

Order

Due to the decline in sales in their home market, British caravan builders have been looking overseas. Devon Conversions of Sidmouth, who build only on VW chassis, have exported more than 900 vehicles to Belgium and France in the past two years. Their latest order was for 100 vans, based on the air-cooled VW Combi, to be supplied to the French VW importers. It was worth nearly a quarter of a million pounds to Devon.

Peter Cartwright

Caravans: quarts into pint pots

Paradoxically, while there have been clear signs that motor caravan buyers have been trading down toward smaller and cheaper vans than they used to buy, interest has also been building up in the biggest coach-built vans. These are the over 2½ ton vans, based on commercial chassis like the larger Ford Transits, Bedfords and the front-engine, liquid-cooled Volkswagen LT. Buyers are often retired professional men, planning a 1977-style grand tour before settling down to golfing and gardening. Devon Conversions expect to sell between 80 and 100 of these £7,000-plus machines this year.

IT is a sign of the times that Britain's best-selling motor caravan is a tiny (just over 12 feet long) conversion of the Fiat 900T light van. The Fiat Amigo ("not big enough to swing a cat in," said a rival caravan converter, grumpily) accounted for a fraction over 19 per cent of U.K. motor caravan sales in the first six months of this year—412 units out of a total market of 2,137.

Britain's motor caravan makers are hoping that the worst period in their history may be over. No section of the motor industry was harder hit than they were by the economic recession that followed the oil crisis. The final straw that almost broke the motor caravan industry's back was the Government's decision to make their product—previously free of all tax on the retail price—subject to both VAT and special car tax. Prices shot up at a time when inflation was biting hard into leisure spending and the bottom fell out of what had been a fast growing market.

Decline Since that time the decline has continued. Ford, with 20 per cent, is now leading supplier of chassis and panel vans to the caravan converters. Bedford and Fiat are close behind with about 18 per cent each, and the increasingly successful Sherpa van has brought Leyland level with Volkswagen with 15 per cent.

Stuart Marshall

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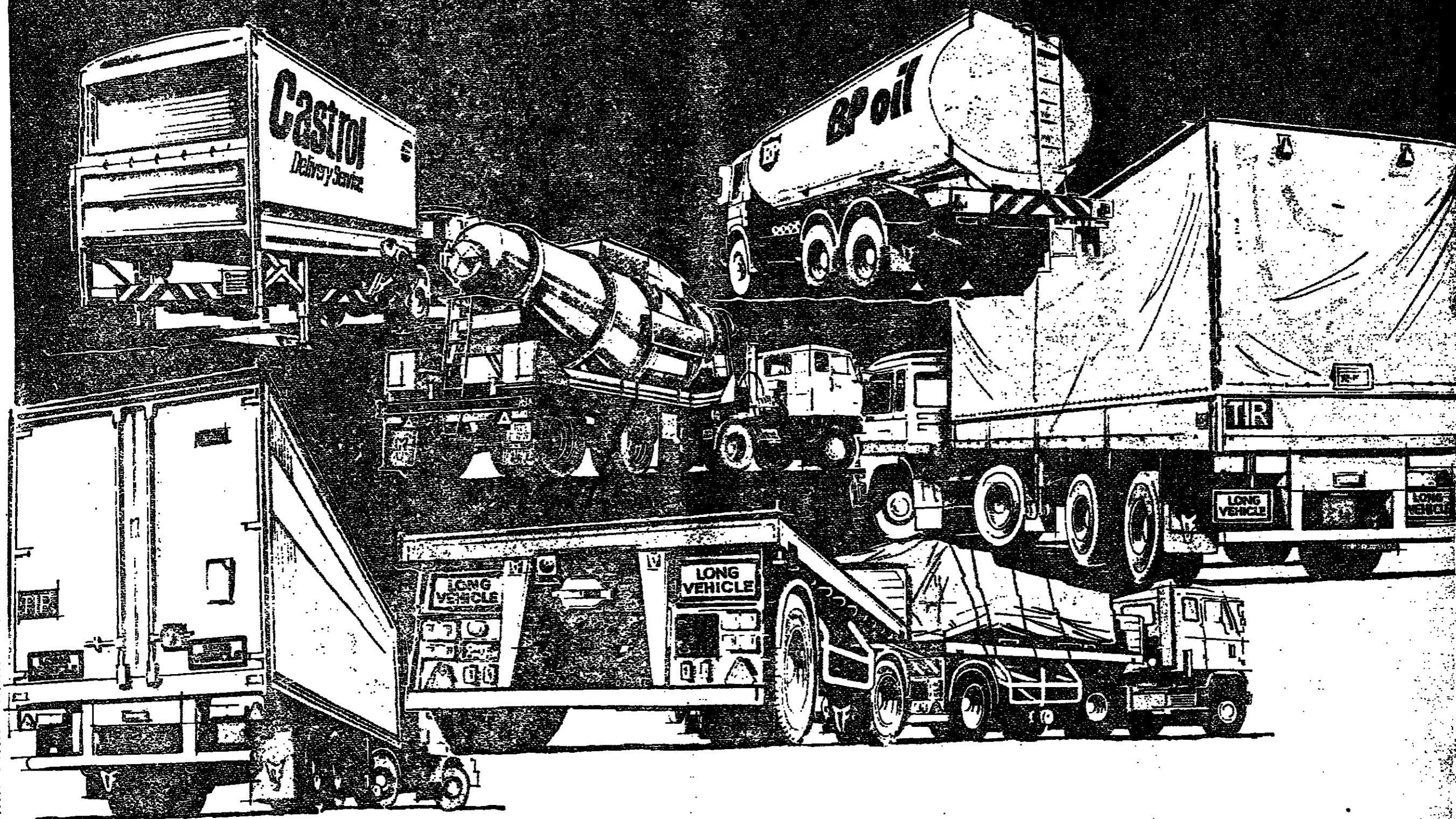
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By HUGH O'SHAUGHNESSY

Antarctica has some 90 per cent. of the earth's usable fresh water; has the world's largest reserves of protein in the form of fish, krill, and other marine life; some of the biggest deposits of coal and iron ore on earth; very large quantities of oil and natural gas; and possibly big quantities of plutonium, copper, nickel, gold, cobalt and other rare metals

ANTARCTICA has been described as "the coldest, driest, highest, windiest, least accessible, worst known and generally most unpleasant of all the seven continents." Up to now it had the advantage of being the least political continent, a place where the scientist called the shots.

But the reign of the scientist is coming to an end and the pressures of international politics are being exerted on the continent as this month's meeting in London of the Antarctic Treaty powers will surely demonstrate. The Antarctic Treaty was signed in 1959 and came into force two years later after the 12 original signatories—Britain, the U.S., the USSR, France, Norway, Japan, Australia, New Zealand, South Africa, Belgium, Chile and Argentina—had ratified it. Coming after half a century of desultory jockeying for position by the countries which considered they had a stake in Antarctica, the Treaty imposed an atmosphere of calm. It put the region out of bounds for military purposes, banned dumping of nuclear waste and the explosion of nuclear devices, provided for the exchange of scientific knowledge and the freedom of scientific investiga-

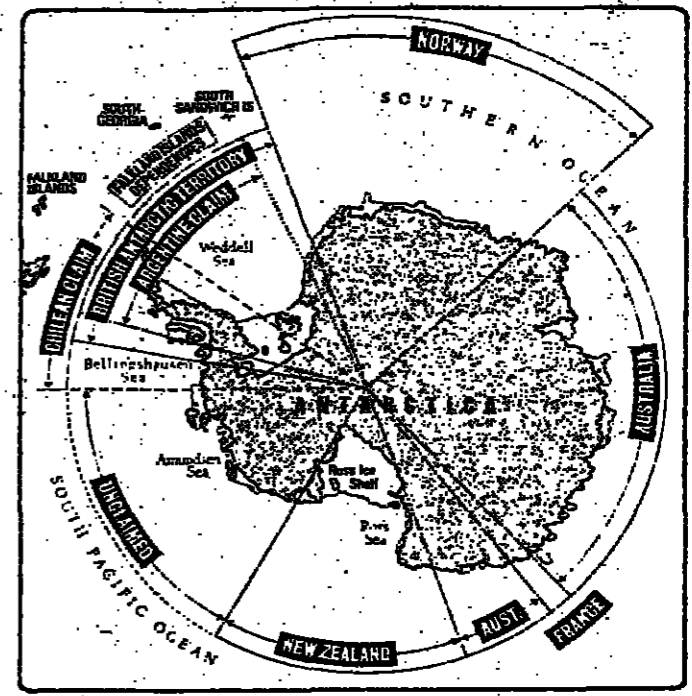
tion and froze the legal claims and wrangles about who owned what, if any, part of the continent. Not least, the Treaty gave the Treaty powers right of free access and inspection of each others' bases and equipment, the first time that Washington and Moscow had agreed to such a revolutionary principle. It also stopped increasing hostility between Britain, Argentina and Chile whose territorial claims in Antarctica at one point all overlapped. As the years went by the Treaty won increasing recognition as a far-sighted and imaginative diplomatic instrument through which the member states were able to show that they could lay national appetites for power and influence on one side and co-operation in scientific endeavour on the other. It attracted other signatories—Poland, Czechoslovakia, Denmark, the Netherlands, Romania, East Germany and Brazil—who were given something less than the full consultative status attaching to the original 12, but who were able to bask in the membership of an exclusive and well-regarded club.

There is no doubt that the success of the Treaty was in some large measure due to the fact that the Treaty powers got little in concrete terms out of Antarctica and in many cases were involved in heavy expenditures to keep their flags flying in the region. To-day, a decade and a half later, the climate has changed. A world which has been made conscious of the limits of availability of natural resources and learned from the scientific work carried out under the aegis of the Treaty of the large mineral and fishing potential of the region has become impatient to modify the regime of the Treaty.

Now that there is clearly something to be got out of Antarctica, besides expensively thought prestige, many governments are waiting to make sure they are in the action and to show what they regard as the costly oligopoly of Antarctic Treaty nations. The size of the resources in the area south of the 60 degree line are huge. In the waters off Antarctica live immense shoals of fish and swarms of krill, a shrimp-like creature, which are said to constitute the biggest untapped source of protein left in the world, traces of sas have been discovered under the Ross

Sea and there is a very great likelihood that there are big quantities of oil. A U.S. Geological Survey Report in 1973 suggested that 15th barrels of oil could be won from the Ross, Weddell and Bellingshausen seas, not to mention 115 trillion cubic feet of gas. The USSR has said that there could be more oil in Antarctica than in Alaska. There is also thought to be the biggest coalfield in the world and one of the biggest deposits of iron ore, although both of these are of low grade. It is very likely that there are deposits, too, of rarer metallic ores, not to mention the 50 per cent. of the world's usable fresh water held in the region's ice. A share in the control of these assets—even though they may not be exploitable for some years to come—is obviously a prize worth some considerable diplomatic effort. That effort is now beginning to be mobilised, not least in the Third World.

The Third World countries are not in the least abashed by the fact that few, if any, of them have experience in the Antarctic or could finance or man an effort to obtain such experience. Drawing on the experience they gained in negotiating with the developed countries in the Law of the Sea conference where they achieved agreement on the principle that the benefits of deep sea mining should be distributed among countries which themselves have no possibility of partaking in the mining operations, some developing countries are making initial statements of claim.



He rejects the principle in favour of the establishment of an "enterprise" run by the Treaty powers which would attract private capital and technology for mineral projects and control any consequential environmental pollution. The enterprise would be open to participation from any government or private party. It is likely that political debate about Antarctica will increasingly centre on finding a compromise between the unregulated application of the principle of "common heritage" which could give every country, from San Marino to Upper Volta, a say in Antarctica and a closely defined "enterprise" which would concentrate the benefits of Antarctica in the hands of those few countries and corporations with the technology to start exploiting the region. One extreme probably would produce administrative chaos and would hardly attract competent investors. The other extreme would be unacceptable to the majority of the world's governments which want the resources of Antarctica more widely shared. Whatever solution is finally agreed about the sharing out of the riches of the Antarctic, it is clear that the region is becoming a political and a closely defined "enterprise" which would concentrate increasingly intense

Ross Sea find

Now that there is clearly something to be got out of Antarctica, besides expensively thought prestige, many governments are waiting to make sure they are in the action and to show what they regard as the costly oligopoly of Antarctic Treaty nations.

Exploitation

Meanwhile the Treaty countries themselves will this month have to decide whether they want to modify the present Antarctic regime in the face of the impending challenge and, if they do, whether they can come to terms among themselves on what such modifications should be. Also they will want to decide what to do about the pressures from within their own countries from those interests which want to start exploiting the region now.

Industrial relations

From Professor Innis Macbeath. Sir—Joe Rogaj's thoughtful article (August 30) contains a significant slip. The provision in the law that dismissal of workers on strike shall be fair unless there is discrimination in taking them back has nothing to do with the Government's being besetted by the TUC. It was first introduced in the Industrial Relations Act, 1971, in an attempt to avoid wrangles about something that has defied neat juridical definition: the relationship between employers and employees on strike.

Economics of disillusionment

From Mr. W. Grey. Sir—Following Anthony Harris's "disillusionment" with economics in general and econometrics in particular (Sept. 1), one does not wish to lay it on too thick. But there seems to me a still graver cause of "oversimplification" than that an economist in those quantities which can be measured numerically, and which have been measured for a considerable time past, by even the best of economists can hardly be predicted with less than a 100 per cent. error.

Letters to the Editor

those used by Government statisticians to compile their own "sensitive" index of leading indicators. Has that index, brought into being and distinguished by history, ever been entirely free from criticism and rivals, or honestly claimed to be more than an approximation? When, finally, we come to the gross domestic product, seasonally adjusted, let alone to international comparisons, the figures are country's gross domestic product, also adjusted for currency factors, and another's, one's mind simply boggles at the possible margin of error.

Supply of engineers

From the Chairman, Whiteland Engineering. Sir—As another chartered engineer who also employs others I can understand Mr. Gregory (Sept. 1) and a great many other engineers, feeling that the pay is so low (relatively to less demanding jobs) that there cannot be much demand, except as he says, in chemical engineering.

Contracting in or out

From Mr. C. R. I. Estridge. Sir—It is certainly the case that the employer has a most difficult choice to make when deciding whether to contract in or out of the new State Scheme. Subsequently he is faced with the difficult consultative process with Union reactions thereto.

Money where mouth is

From Mr. K. P. Williams. Sir—Mr. Chalmers (September 2) makes the most interesting and sensible suggestion that Government Ministers and Economists should, as a requirement for accepting office, hold their personal investments in undated Government stock. Directors have, often enough, been criticised for their personal stakes in the companies they run. It would be instructive to know what proportion of their wealth (and Government Ministers to-day all seem to be wealthy, regardless of their original source of fortune) is in the country's common stock which they so liberally issue.

Parking in city centres

From the Secretary, Movement for London. Sir—I hope Mr. Harley Sherlock (letters August 31) will excuse me if I do not join him in praising the bureaucrats for inventing a scheme for supplementary parking in an office car park in Central London. We should be grateful if the politicians he condemns for failing to "grasp this nettle" refused to do so for the sound reason that on London's premises that work it would have stung commercial activity badly—and thus eventually the rate-producing capacity.

Trade with New Zealand

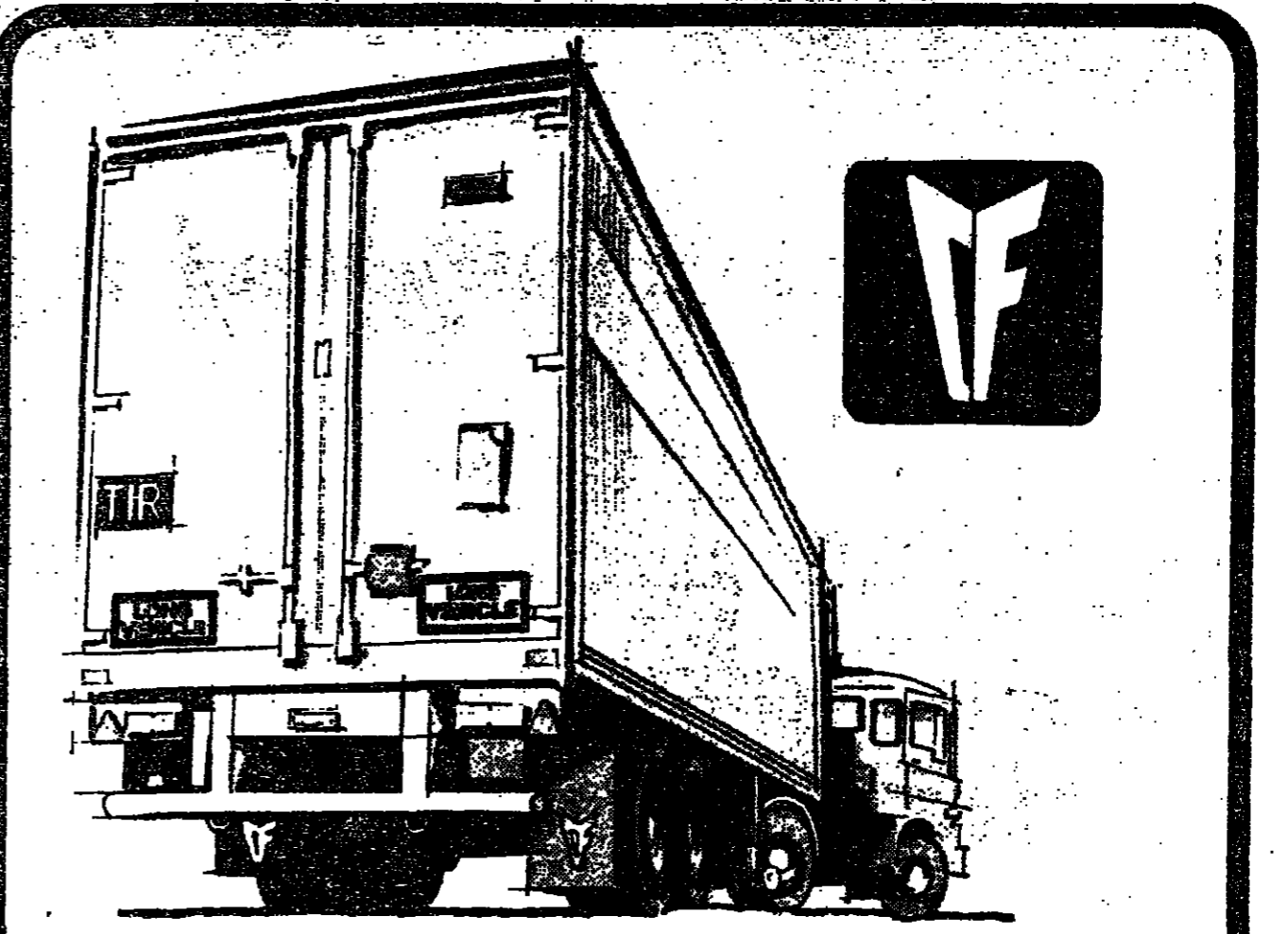
From The High Commissioner for New Zealand. Sir—On August 23 you published a letter from Tim Forster, Secretary-General of the Food and Drink Industries Council, who suggested that New Zealand's efforts to secure greater access to the Japanese market for its agricultural products could enable the removal of at least a share reduction in the quantities of New Zealand dairy products from the British market. It is claimed that such an action by the British Government could then be used in negotiations with Britain's Community partners to obtain benefits for the UK fishing industry.

are Index, which is one of

To-day's Events

- GENERAL TUC annual conference opens, Blackpool. Unemployment and pay lobby expected in morning and Grunwick strike committee in afternoon. Prime Minister visits Liverpool on last day of Scottish tour. Civil Aviation Authority hears application by Laker Airways for its Skytrain to land at Gatwick Airport. Advertising Standards Authority issues new code of practice. President Tito of Yugoslavia continues visit to China. Mr. John Silkin, Minister of Agriculture, visits Australia. Mr. Roy Hattersley, Prices

- OFFICIAL STATISTICS Public sector borrowing requirements and details of local authority borrowing (2nd quarter) from Central Statistical Office. COMPANY RESULT Decis (full year). COMPANY MEETINGS See Week's Financial Diary on page 8. EXHIBITIONS London and the Thames Exhibition, including works by Canaletto, Constable, Gainsborough, Turner and Whistler, W.C.1, 7.30 p.m.



Number 1 in Europe Crane Fruehauf

Crane Fruehauf Limited, Hayes Gate House, Uxbridge Road, Hayes, Middlesex. Tel: 01-848 0225 Telex: 262051

كندا لوجستك

COMPANY NEWS

Laird expands to £4m. after six months

First half 1977 taxable profits of Laird Group were ahead of £3.37m. to £4.01m. on turnover of £59.56m. against £48.97m.

The company's wholly owned subsidiary Scottish Aviation was nationalised on April 28, 1977, and its results are excluded. The terms of compensation have yet to be negotiated. An interim dividend is raised to 1.46p (1.31p) net per 25p share, payable on December 3. Total for 1976 was 2.85p from profits of £5.06m. with the final 1.32p having been adjusted to 2.49 p.p.c. tax rate. A total of 2.97p is forecast for 1977.

EOI set for steady growth

FOLLOWING large scale restructuring during 1976-77, a period of planned growth lies ahead for English and Overseas Investments. With concentration on its two profitable subsidiaries, Athena International and Metclair, a steady rise in profitability can be expected, Mr. Colin Jefferies, the chairman tells members.

The major group profit contribution, Athena, improved profit by almost 60 per cent. from £188,000 to £308,000, and has strengthened its position both at home and abroad. Its future programme is designed towards further expansion, he says.

Athena's two European subsidiaries are now in a break-even position with sales of £435,000 (£307,000 in 1976-77). Earnings for the current year should make a helpful contribution to overall results.

Metclair, which achieved its highest turnover and an encouraging profit, during the year to March 31, 1977, has maintained progress and the current order book is such that steps have been taken to extend the company's factory space by 15,000 square feet, he adds.

As reported on September 1, (£25,000) of which £90,000 has been authorised but not contracted. For 1976-77 taxable profit was

marginally up at £245,940 (£236,078) on sales of £2,966m. (£2,551m.). The net dividend is stepped up to 1.35p (equivalent 1.35p) per 20p share.

At year end cash at bank and in hand was up at £11,221 (£1,097) and the net overdraft was £16,924 (£109,293).

At August 5, 1977, ITC Pension Trust, jointly with ITC Pension Investment, had an interest in 12.85 per cent.; Miss A. J. Cook, 10.12 per cent.; Mr. A. J. Cook, 12.71 per cent.; Mr. A. McT. Cook, 7.09 per cent.; Neepend, 8.97 per cent.; and Prudential Nominees 2.94 per cent. tax rate. A total of 2.97p is forecast for 1977.

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FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received no later than 9.9.77.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	10 1/2	11	11 1/2	11 1/2	12	12 1/2	12 1/2	12 1/2

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 81 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England s/c FFI". FFI is the holding company for ICFC and FCI.

G. R. Francis

Hope for an improvement in the building industry, through lower interest and mortgage rates, to the benefit of G. R. Francis Group, is expressed by Mr. G. R. Francis, the chairman, in his annual review.

For the year to March 31, 1977, taxable profit advanced 28 per cent. to £241,136 (£186,717) on turnover only marginally higher at £4,222m. (£4.1m.)—as reported on August 26.

At year end group funds were down £43,215 (£88,841) and bank overdraft was up at £233,839 (£198,844).

New showrooms at Tulseveh House, completed in September 1976, and the industrial heating division were contributing factors to the increased profit.

During the year a new range of bathroom accessories were introduced and are proving successful. The range is currently being extended, Mr. Francis says.

Wm. Cook confident and investing

Though wages and costs continue to mount at an alarming rate, steel castings manufacturers William Cook and Sons (Sheffield) is in a position to face the difficult future with quiet confidence, Mr. A. McT. Cook, the chairman, tells members.

At present there are signs of an improvement in the demand for steel castings but it is too early to say that this upward trend has a chance of being maintained.

Despite poor trading conditions the company is still installing capital plant to be ready to meet increased trade when it takes place, he says.

Further plant will be installed during 1977-78 but always in line with the company's financial stability, he adds.

Capital commitments at year end March 31, 1977, totalled £107,800 (£25,000) of which £90,000 has been authorised but not contracted.

For 1976-77 taxable profit was

Cautious outlook at FMC

AS THE domestic meat industry is at present experiencing one of its periodic low points, Mr. David Darbishire, chairman of FMC, views the short-term outlook with caution.

In his annual review he says the reorganisation and reconstruction of the group has been started, but it will be some years before it is completed.

The adverse situation facing the U.K. meat industry following entry to the EEC, to which he referred last year, remains. While the inequities exist the group will stay at a disadvantage.

NYU Development Trust, which now holds 73 per cent. interest as a result of its counter offer at the time of the bid by Thomas Borwick and Sons, has demonstrated its firm intention that FMC will be managed independently on strict commercial lines, and the directors of the subsidiary enjoy the best of relationships with the trust, Mr. Darbishire comments.

Standard Life pension funds assets growth

Another year of substantial growth for Standard Life Pension Funds for the 12 months to May 10, 1977 is reported by Mr. A. M. Hodge in his chairman's statement.

Total assets under management jumped to £123m. and total deposits increased to £20m. "The number of clients investing in the funds rose steadily during the period."

Standard Life pension funds assets growth

The greatest growth again occurred in the Mixed Fund which climbed by nearly £26m. to £31.2m. Much of this growth came from transfers from the Equity and Fixed Interest Funds which declined by £1.5m. and £1m. to £3.6m. and £1.6m. respectively.

Standard Life pension funds assets growth

The Property Fund continued in progress over the period and at the end of the year, including cash deposits of £1.3m. The fund holds 34 properties producing a current rental income of £9.92m. and estimates are that this will increase to £12m. by 1982. Negotiations are in progress to acquire four further properties at a cost of £1.3m.

Standard Life pension funds assets growth

Mr. Darbishire points out that the advent of capital-intensive abattoirs, designed to meet changing demand for prepared and processed meats, will cause a rationalisation of the industry with fewer units. During 1976-77 the company acquired two modern slaughterhouses and ceased operations in ten units.

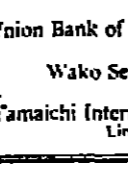
Standard Life pension funds assets growth

Meetings, Agriculture House, SW1, on September 28, at noon.

KAO SOAP COMPANY, LTD.
(Kao Sekken Kabushiki Kaisha)
U.S. \$20,000,000
6 per cent. Convertible Bonds 1992
Issue Price 100 per cent.

Daiwa Europe N.V.	Banque Nationale de Paris	Goldman Sachs International Corp.
Banca Commerciale Italiana	Banca dei Gottardo	Banca Nazionale del Lavoro
Bank Gutzwiller, Kurz, Bungenier (Overseas) Limited	Bank Julius Baer & Co. AG	Bank Mees & Hope NV
Banque Bruxelles Lambert S.A.	Banque Française du Commerce Extérieur	Banque Générale du Luxembourg S.A.
Banque de l'Indochine et de Suez	Banque Internationale à Luxembourg S.A.	Banque de Neufville, Schlumberger, Mallet
Banque de Paris et des Pays-Bas	Banque de Paris et des Pays-Bas (Suisse) S.A.	Banque du Rhône et de la Tamise S.A.
Banque Rothschild	Banque de l'Union Européenne	Banque Worms
Bayerische Hypothek- und Wechsel-Bank	Bayerische Landesbank Girozentrale	Bayerische Vereinsbank
Blyth Eastman Dillon & Co. International Limited	Caisse des Dépôts et Consignations	James Capel & Co.
Cazenote & Co. (Overseas)	Chase Manhattan Limited	Christiana Bank og Kreditkasse
Compagnie Monégasque de Banque	Continental Illinois Limited	County Bank Limited
Credit Industriel et Commercial	Credit Lyonnais	Credit Suisse White Weld Limited
Dai-ichi Kangyo Bank (Schweiz) AG	Daiwa Securities (H.K.) Limited	Deutsche Bank Aktienbank
Dewanay & Associates International S.C.S.	Dillon, Read Overseas Corporation	Dominion Securities Limited
Drexel Burnham Lambert Incorporated	Eurobontiers S.P.A.	Compañía Europea Interbancaria
Robert Fleming & Co. Limited	Guyotzelier Zurichmont Bank AG	Hambro-Mitsui Limited
Hill Samuel & Co. Limited	IBJ International Limited	Istituto Bancario San Paolo di Torino
Kidder, Peabody International	Kleinfort, Benson Limited	Kredietbank N.V.
Kuhn, Loeb & Co. Asia	Lazard Brothers & Co. Limited	Lazard Frères et Cie
Manufacturers Hanover Limited	Merrill Lynch International & Co.	Samuel Montagu & Co. Limited
Morgan Stanley International	New Japan Securities Co., Ltd.	The Nikko Securities Co., (Europe) Ltd.
Nippon European Bank S.A.	The Nippon Kangyo Kakumaru Securities Co. Ltd.	Nomura Europe N.V.
Osaka Securities Co., Ltd.	Sal. Oppenheim Jr. & Cie.	Orion Bank Limited
Peterbroeck, van Campenhout, Kempen S.A.	Pierson, Hedring & Pierson N.V.	PKbanken
N. M. Rothschild & Sons Limited	Salomon Brothers International Limited	Sanyo Securities Co., Ltd.
J. Henry Schroder Wagg & Co. Limited	Schroders & Chartered Limited	Skandinaviska Enskilda Banken
Société Bancaire Barclays (Suisse) S.A.	Société Financière du Leman S.A.	Société Générale
Suntomo Finance International	Sun Hung Kai International Limited	Svenska Handelsbanken
Tokai Kyowa Morsan Grenfell Limited	Trinkau & Burkhart	Union Bank of Switzerland (Securities) Limited
Vickers, de Costa International Ltd.	J. Vontobel & Co.	Wako Securities Company Limited
Wardley Limited	Westdeutsche Landesbank Girozentrale	Wood Gundy Limited
		Yamaichi International (Europe) Limited
		Yamatane Securities Co., Ltd.

Following completion of the redevelopment of its old premises, Banque Belge returns today to—



Banque Belge Limited
A subsidiary of Société Générale de Banque SA Générale Bankmaatschappij NV

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not given as to whether or not dividends are to be paid. Dividends shown below are based mainly on last year's timetable.

FUTURE DATES

Exchange	Sept. 14
Holdings	Sept. 14
Industries	Sept. 14
Investment	Sept. 14
Life Assurance	Sept. 14
Oil	Sept. 14
Property	Sept. 14
Public	Sept. 14
Real Estate	Sept. 14
Shipping	Sept. 14
Stores	Sept. 14
Tobacco	Sept. 14
Transport	Sept. 14
Utilities	Sept. 14
War	Sept. 14
Wine	Sept. 14

Laurence Scott in much stronger position

THERE has been an upturn in orders for several products and some output budgets have been revised upwards since the beginning of the current year at Laurence Scott, Norwich-based electrical machinery and control gear manufacturer.

In his annual statement Mr. P. M. Tapscott, the chairman, says that the company is now in a stronger position to ride through fluctuations in demand than at any time in the last 20 years.

Midway rise at Scottish Agricultural

ON FIRST HALF 1977 sales of Scottish Agricultural Industries, a subsidiary of Imperial Chemical Industries, rose from £1.6m. to £2m.

Geo. Armitage falls to £0.17m.

Against intense competition brick manufacturers Geo. Armitage and Sons, an unquoted company, reports pre-tax profits down from £338,000 to £172,000 for the first six months of 1977, on turnover, excluding VAT, lower by £62,000, at £1.73m.

Gresham Trust sees profit rise

THERE ARE signs that the new business at Gresham Trust is now in a position to sustain a profit rise, Mr. P. G. Baring, joint chairman, tells members.

Marshalls (Halifax) confident

MR. DAVID MARSHALL, chairman of Marshalls (Halifax), says that the group is in a position to benefit from substantial international growth, especially if marked cost-cutting is achieved.

Wm. Cook confident and investing

Though wages and costs continue to mount at an alarming rate, steel castings manufacturers William Cook and Sons (Sheffield) is in a position to face the difficult future with quiet confidence, Mr. A. McT. Cook, the chairman, tells members.

Pilkington on target

The results of glass manufacturers and processors, Pilkington Brothers in the current year are, so far, in line with expectations, Sir Alistair Pilkington, the chairman, told the AGM.

FT SHARE SERVICE

The following security has been added to the Share Information Service appearing in the Financial Times: Sotheby Parke Bernet (section Industrials Miscel.).

Moorgate Mercantile listing restored

Moorgate Mercantile Holdings, listed to 0.8686p (0.78p), one of the first fringe banks to be rescued from financial trouble as a result of the secondary banking collapse, is to have its Stock Exchange listing restored to-day—over 31 years after it was suspended.

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Telephone 01-283 1080

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dividends
 OFFERS
 RATES

(Handwritten signature)

Pending dividends

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table.

Table with columns: Company Name, Dividend Amount, Expiry Date, Announcement Date. Lists various companies like Aberdeen, Alcon, and Anglo-Siam.

Public Works Loan Board rates

Table showing interest rates for public works loans, categorized by years and maturity dates.

RECENT ISSUES

Table listing recent stock issues, including company names, issue sizes, and dates.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for company name, interest rate, and price.

"RIGHTS" OFFERS

Table listing rights offers for various companies, including terms and conditions.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

INTERNATIONAL COMPANIES Reactions to HK Dock bid

BY PHILIP BOWRING HONG KONG, Sept. 4. REACTION to the terms of the merger of Hutchison International and its major subsidiary Hongkong Whampoa Dock into a new company, Hongkong Whampoa Ltd., has generally been favourable here.

Substantial losses at Reksten offshoots

BY FAY GJESTER OSLO, Sept. 4. HADRIAN AND TRAGAN, two Norwegian shipping companies which emerged from last year's reshuffle of the crisis-hit 20 international banks, arranged Reksten group, report substantial losses for the first half of 1977.

Bankers Trust responds

BANKERS TRUST New York Corp. said in response to the cut in its rating by Moody's Investors Service that it has improved its capital ratios, increased its loan valuation reserve and reduced its level of nonperforming loans since receiving the Triple A rating from Moody's in 1974.

Money and Exchanges

Bank of England Minimum Lending Rate 7 per cent. (since August 12, 1977). Speculation increased around the middle of last week that a fall of at least 1 per cent, and possibly 1 1/2 per cent, in Bank of England Minimum Lending Rate was likely at Friday's Treasury bill tender.

Uncertainty about the future trend in overseas interest rates has prevented any further movement in the pound's value on the basis of the Washington Currency Agreement, at a high point of 62.3.

FOREIGN EXCHANGES

Table showing foreign exchange rates for various currencies.

GOLD MARKET

Table showing gold market prices and trends.

EXCHANGE CROSS-RATES

Table showing exchange cross-rates between different currencies.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various banks.

MINING NOTEBOOK

Mr. Oppenheimer's plans for CDM in Namibia

BY LODESTAR

SINCE ITS brilliant half-year results were published on August 24 De Beers Deferred shares have come up from 264p to 277p, a modest response to a profit of £25m, which is not all that far short of the £30m for the whole of 1976.

Stocks sold

Mr. Oppenheimer hotly denies the charge that CDM's exceptional current liquidity has flowed from deliberate over-mining in anticipation of political change. The position is that stocks of diamonds which were unsaleable at the time they were extracted from the desert coast had built up over several years.

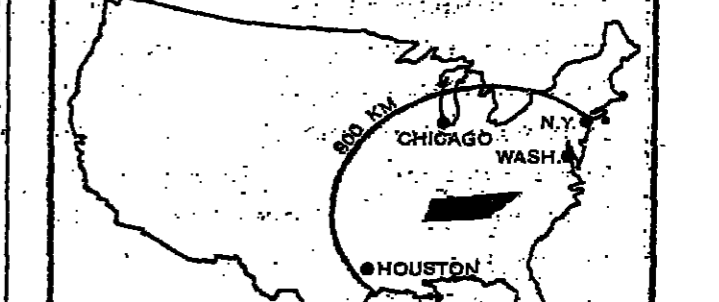
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And The Men From Tennessee would like to talk with you. A fortnight later, Firetech 77 will be held at Brighton's Hotel Metropole (Monday - Friday, September 28-30) in conjunction with the International Fire Protection and Control Exhibition.



26 September through 30 September, a team of key State officials and leading businessmen from the State of Tennessee will be in England for the expressed purpose of meeting with you in person to discuss the merits of establishing your plant in Tennessee.

Experience But insurers' day-to-day experience is that what is meant and drunk to the fire surveyor and the fire underwriter is still often an untried dish for those who create the projects that have to be insured.

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OVERSEAS MARKETS

EUROBONDS

Four arguments for optimism

BY MARY CAMPBELL

WHATEVER THE economic signals from the United States may ultimately turn out to have portended for the Euro-bond market has interpreted them as a signal to go. After a two-month period when the flow of new issues was sluggish, the last two weeks have seen a burst of announcements. And issuing houses say that they expect to be involved in many more before the next few weeks are out.

Perhaps the most optimistic-looking news of all last week was the third successive monthly fall in the U.S. Commerce Department's index of leading economic indicators. This is regarded as indicative at least of a slowing up in the growth rate, and this lengthens the expected time span for stable interest rates.

The secondary market under which from 1982 onwards 5 per cent of the bonds outstanding in each year will be retired. If the market price of the bonds is less than the principal amount, the issue was announced on Friday to check just how unusual this provision is in Japanese convertibles; but if new issues are to be made, the weakness these convertibles have shown.

CURRENT EUROBOND ISSUES

Table with columns: Borrowers, Amount m., Maturity years, Av. life, Coupon %, Price, Lead manager. Lists various international bond issues.

Indices

Table of stock indices for New York, London, and other markets, including Dow Jones and Standard and Poors.

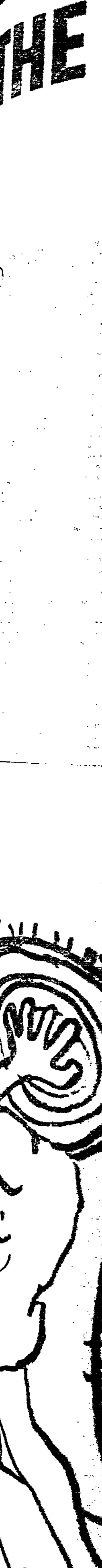
Table of stock indices for Germany, Australia, and other markets, including the DAX and ASX.

Table of stock indices for Japan, Hong Kong, and other markets, including the Nikkei and Hang Seng.

Table of stock indices for various international markets, including Australia, Paris, and Tokyo.

OVERSEAS SHARE INFORMATION

Large table providing detailed share information for various international companies, including names, prices, and other financial data.



FINANCIAL TIMES SURVEY

Monday September 5 1977

THE CARPET INDUSTRY

The British carpet industry is not only the biggest in Europe, it is also a comparatively rare story of post-war industrial success—and all the indications suggest that prospects for the future may be even brighter than past performance.

remains one of the leading world manufacturers. Indeed, in the past two years Britain has come to replace Germany, another country with a strong tradition of carpet making, as the largest manufacturer in Europe, producing 187m square metres of carpet last year—19m square metres more than the German industry.

Britain again has been among the pioneers in Europe of many of the developments which have made possible the very rapid growth of carpeting in recent times. Britain has been a leader in the development of the high volume tufting process which has brought carpeting within the reach of many more people, and produced the wall-to-wall carpeting revolution. The later technical development of printed carpets, which again helped to keep costs down and so make possible a further broadening of the carpet market, also started on this side of the Atlantic in the U.K. and Britain remains by far the largest producer of printed carpets in Europe.

Moreover, although the U.K. has pioneered many of the developments in tufting and printing, it retains the largest woven carpet-producing industry anywhere in the world, more than half as large again as the Belgian woven industry, its nearest competitor. The industry has, furthermore, maintained a high level of investment in tufting and weaving, and exports more than 30 per cent of total output annually, while yielding less than 10 per cent of the \$540m home market to imports.

	HOME MARKET				EXPORT MARKETS				TOTAL				
	(000m ²)	%	(£000's)	%	(000m ²)	%	(£000's)	%	(000m ²)	%	(£000's)	%	
Axminster													
1972	33,793	26.7	95,127	38.3	6,333	28.9	11,822	36.6	40,320	27.0	109,960	38.0	
1973	31,265	23.7	103,296	38.0	7,364	21.5	21,337	34.0	38,829	23.9	126,543	35.6	
1974	25,331	21.1	101,886	32.6	8,873	24.6	29,595	35.1	34,424	21.9	130,681	32.2	
1975	27,483	20.7	122,036	33.8	7,120	25.1	26,336	35.5	34,603	21.5	148,372	34.1	
1976	25,713	19.1	133,030	33.8	7,487	18.9	31,727	39.9	33,210	19.0	167,767	33.2	
Wilton													
1972	11,983	9.5	40,249	16.2	1,821	8.1	5,180	12.8	13,801	9.2	45,429	13.7	
1973	11,338	8.6	47,780	16.5	2,518	8.1	8,159	13.0	13,851	8.5	55,959	15.7	
1974	9,415	7.8	47,619	15.1	2,901	8.0	10,373	12.3	12,316	7.8	57,992	14.7	
1975	8,935	6.7	49,804	13.8	1,942	6.8	7,892	10.7	10,877	6.7	57,496	13.3	
1976	5,652	3.7	43,737	11.1	4,446	11.2	17,848	15.9	9,498	3.5	61,565	12.2	
Tufted													
1972	74,555	58.3	100,965	40.6	13,508	59.9	18,991	46.9	88,063	59.0	119,856	41.5	
1973	82,009	62.3	125,276	42.8	20,195	65.4	31,781	50.6	102,204	62.9	157,057	44.2	
1974	79,409	65.5	145,577	47.0	23,395	65.0	41,883	49.6	102,804	63.4	187,460	47.5	
1975	90,453	68.2	173,116	47.9	19,009	67.0	38,872	52.5	109,462	68.0	211,988	48.7	
1976	98,713	73.1	198,553	50.4	27,071	68.4	57,829	51.4	125,784	72.0	256,382	50.7	
Annual Totals*													
1972	126,775		248,640		22,554		40,522		149,329		289,162		
1973	131,692		282,593		30,898		62,773		162,590		355,366		
1974	121,195		309,787		36,018		84,424		157,213		394,211		
1975	132,711		361,116		28,384		74,102		161,095		435,216		
1976	135,017		393,720		39,593		112,422		174,612		508,142		

* Including sundries. Source: Department of Industry.

losses. Though figures are not yet available in comparable form for the most recent year, which did see some recovery from the recession of 1974 and 1975, the position is likely to have improved only marginally. The decline in consumer spending on carpets throughout Europe is to a large extent blamed for the industry's price problems but even with a return to more buoyant economic conditions difficulties would remain. The industry was able to grow rapidly in the 1960s and 1970s largely because, with cheap tufted products becoming available, manufacturers were able to open up new markets where carpeting had previously been considered too expensive. The industry is now, however, having to absorb very substantial increases in capacity, particularly in printing, at a time when growth, as experienced in the past, seems unlikely to return.

The reasons for this are complex. The public has not only had less money to spend as a result of the recession but a shift in spending patterns has also taken place, with consumers throughout Europe finding they need to spend more to keep up with higher costs of transport, food and other goods. Leisure activities are also taking a bigger share of the family budget. A report by ICC Business Textile Sector, which has enjoyed a Ratios shows that in the three-year period of rapid growth and year period to the end of 1976 success, it has been operating return on capital employed for at least the last three years among 60 leading companies against a background of weak, fell from an average of 21.5 and, in some cases, declining per cent, in 1973-74—the industry's last good year—to 5.4 per cent under greatest pressure, per cent, in 1975-76 and a U.K. where half total European tufted printed capacity is in-

In many cases still run by the families which founded the constituent companies two or three generations ago, the industry can therefore claim to be the most varied in shape and size in Europe, exceeded only in volume production anywhere in the world by the U.S. The main tufting centre, Scotland, and Northern Ireland—also consists of a large number of medium and smaller concerns operating in specialist niches of the market. The industry, too, largely because of its small size, has traditionally enjoyed exceptionally good labour relations. Although the £1.80 per square metre were total number employed has actually down 6 per cent at the end of 1976 on the figure to the present level of around at the start of the previous year, 35,000, it is hoped it can now despite substantial rises in the stabilise at around this level. costs of raw materials, labour and overheads.

But while the industry, in contrast with most other A report by ICC Business Textile Sector, which has enjoyed a Ratios shows that in the three-year period of rapid growth and year period to the end of 1976 success, it has been operating return on capital employed for at least the last three years among 60 leading companies against a background of weak, fell from an average of 21.5 and, in some cases, declining per cent, in 1973-74—the industry's last good year—to 5.4 per cent under greatest pressure, per cent, in 1975-76 and a U.K. where half total European tufted printed capacity is in-

CONTINUED ON NEXT PAGE

Problems?

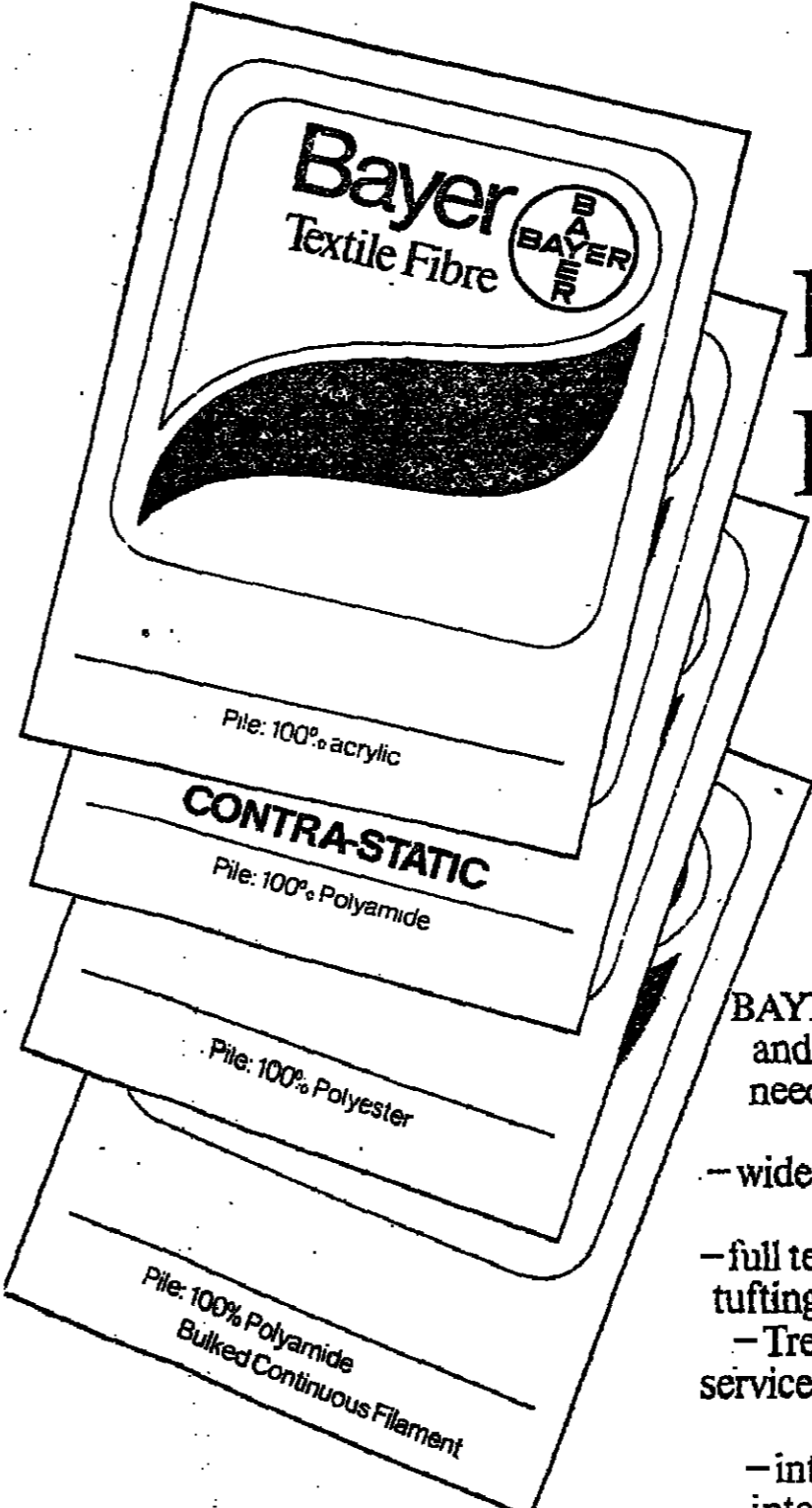
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THE CARPET INDUSTRY II

Export target in sight

THE BRITISH carpet industry's stated intention to reach an export target of £150m. by the end of this year, despite a setback caused by the economic recession, appears to be an ambition which in uncertain times will commendably be achieved.

Had this been envisaged in 1975, at a time of uncertainty and changing market conditions when exports totalled less than half this figure, such a suggestion would have appeared optimistic to say the least. However, this success should also be seen in the context of a less buoyant home market which has suffered from declining profit margins.

The key factor in export markets in recent years has been the relative importance of EEC markets compared with Commonwealth and former Commonwealth countries, and the industry has regarded a better export performance in Europe as an essential ingredient for future profitability. In this respect the most recent figures provide much encouragement: despite a great deal of recent fluctuation, sales to Commonwealth countries have risen from £14m. in 1975 to £22m. last year, and reached £14m. in the first six months of this year.

Over the same period, exports to the EEC have grown strongly, from a figure of £31m. in 1975, to £48m. last year and £33m. in the first six months of 1977. As had been predicted, West Germany has been the key to this success, with sales there rising from £6m. in 1975 to £11m. last year and £9m. in the first six months of this. At the

same time there has been strong growth in almost every other EEC market in the first half of this year.

On the other hand there has been little sign of a take-off in the EFTA countries, with sales running steadily at around £17m. in the past two years, but volume declining slightly. Other growth markets include the U.S. and to a lesser extent Japan, but the Middle East has continued, like in other industries, to provide a bonanza. Sales there have soared from £5m. in 1975 to £13m. last year and could top the £20m. mark by the end of this year.

Increased

According to the British Carpet Manufacturers' Association, total exports in the first six months of this year increased over the corresponding period of 1976 from 18.9m. square metres to 24m. square metres and in value from £51m. to £73m. This represented a 28 per cent. rise in volume and a 43 per cent. increase in value.

It is clear that this success owes something to the relative stability of costs in Britain over the period and the attractions for foreign buyers created by the value of sterling, so much now depends on the overall economic climate prevailing both in Britain and in buyer countries, particularly in Europe. It is likely that costs will rise more rapidly in the near future, but the recent success in export markets has done much to establish British products abroad and thus may well offset any price reaction.

As the federation pointed out recently, the development of individual export markets in 1976 provides some interesting comparisons with the previous year.

In volume, exports increased

PRODUCTION AND CONSUMPTION OF CARPETS AND FELTS 1972-

('000 sq. m.)

	PRODUCTION				CONSUMPTION			
	1972	1973	1974	1975	1972	1973	1974	1975
Germany	162,403	179,492	167,570	160,632	163,500	190,782	208,038	196,331
France	45,583	51,340	49,959	48,120	49,111	57,597	68,750	72,297
Italy	n/k	10,957	12,135	13,870	15,675	n/k	17,762	19,932
U.K.	135,211	133,697	158,069	165,614	181,216	110,975	112,738	131,881
Belgium	82,165	104,274	113,922	131,779	155,896	19,073	28,369	33,441
Netherlands	40,421	45,500	49,433	42,756	43,514	51,336	60,600	61,168
Austria	10,798	14,026	14,213	14,797	15,282	20,363	19,027	15,956
Sweden	n/k	10,422	11,107	8,427	7,727	n/k	25,771	19,711
Denmark	n/k	15,611	n/k	18,950	25,230	n/k	14,424	14,708

	IMPORTS				EXPORTS			
	1972	1973	1974	1975	1972	1973	1974	1975
Germany	37,795	62,784	64,004	65,918	78,135	29,416	24,338	35,243
France	21,319	29,001	34,332	41,789	52,607	12,307	12,091	11,995
Italy	n/k	11,484	12,603	8,227	11,574	n/k	4,679	4,896
U.K.	7,626	9,368	9,824	3,979	15,199	21,862	20,277	36,012
Belgium	n/k	12,053	15,467	12,850	15,493	71,312	87,958	95,948
Netherlands	25,100	26,400	26,989	24,996	27,578	22,700	21,300	34,495
Austria	10,810	9,766	8,258	7,933	10,616	6,306	4,765	7,223
Sweden	n/k	18,930	13,507	14,890	15,177	n/k	3,587	3,730
Denmark	n/k	5,584	n/k	9,688	13,282	n/k	9,771	n/k

n/k - not known. Source: C.I.T.T.A. (European Carpet Manufacturers Association).

by more than 36 per cent. to Commonwealth countries and by some 52 per cent. to the Middle East, but fell by some 11 per cent. to EFTA countries. Particularly heartening, it suggested, was the success of tufted carpets in Commonwealth areas and the EEC, almost double the 1975 sales in the case of the former and more than 50 per cent. up in the latter. Less encouraging perhaps, in view of the inflation rate, was the fact that the average export value of a square metre of carpet in 1976 was £2.84, an increase of just under 9 per cent.

Similarly, returns on domestic sales must be considered. Mr. M. D. Aykroyd, the new president of the federation, suggests that in the industry profit mar-

gins, which diminished in 1976, will have to widen if reinvestment so vitally needed to ensure a healthy future is to take place. "This industry, whose products are the best in the world, and tailored to meet any form of consumer demand, must maintain a strong home market and this is not going to be helped by the limited amount of new buildings," he said. This underlines the feeling that to be competitive in export markets, the industry must maintain a strong home base.

Looking further ahead, Mr. Aykroyd also suggested that the construction of air-conditioned buildings in tropical countries, together with the newly acquired affluence of many of them, will provide opportunities which, with high quality, excel-

lence of design and price competitiveness, should make for increased exports.

Looking now at the export performance of the various sectors of the industry, the importance of the EEC was also stressed by Mr. D. B. Sullivan of ICI Fibres in a report in October last year. He pointed out that the vast majority of carpet imports to the EEC are purchased from other EEC countries and that the U.K. has captured little of this trade.

Major

Germany, he says, stands out as the major market, accounting for more than half of the Continental EEC imports, but British manufacturers secure only about 5 per cent. of these sales compared with the Belgian manufacturers who hold ten times this share in both tufted and woven sectors. In France, the second most important market, the U.K. share is even lower. "However, the degree of success in Holland, particularly on the woven side, suggests that success in the Continental markets does not present insuperable problems to the U.K. manufacturers," he said.

The diversity of the woven industry, he adds, and the advanced technology of tufters in the U.K. together with the favourable raw material and labour costs should enable the British manufacturers to secure a greater share of the Continental market while retaining traditional "Commonwealth" and EFTA markets, provided that the choice of designs and methods of distribution meet the requirements of the local markets.

In the past decade Australia has been the major outlet for woven exports, with Canada generally in second place, reflecting the strong traditional

ties in culture and tradition between the two countries. But the pattern has changed considerably in recent years with the influence of the EEC. In 1966 the EEC's share of carpet exports was 37.4 per cent. of total exports but had risen to 51 per cent. by 1975 and further while EFTA remained at about 15-20 per cent. at around 50 per cent. these others Australia has fallen from 24.6 per cent. in 1966 to 16 per cent. Similarly the Canadian share deteriorated from 15 to 7 per cent. while the U.K. share rose from 2.1 per cent. to 7 per cent.

Exports of tufted carpets have shown a sharp 20 per cent. increase in value over the period from 1966 to 1975. The original EFTA market played a major part in this, with the U.K. accounting for about 70 per cent. of all exports by the end of the period. Denmark and Ireland, enlarged EEC have to grow in importance remaining members. EFTA group have declined in terms of share of U.K. tufted exports.

This view may well be overtaken by recent events which show how distinct the worlds Europe has been lately in the case of carpet. What has also become clear is that the initial success of the U.K. in carpeting is not encouraged by the fact that the key to success is new and established that the product should be fully selected and aimed at the requirements of the market. Although British carpeting has been the major outlet for woven exports, with Canada generally in second place, reflecting the strong traditional

Lorne

WHO SOLD 1 IN 7 CARPETS IN BRITAIN TODAY?

WHO EXPORTED 1 IN 6 CARPETS FROM BRITAIN?

WHO IS THE WORLD'S LARGEST PRODUCER OF PRINT TUFTED CARPETS?

ASSOCIATED WEAVERS CARPETS

Success

CONTINUED FROM PREVIOUS PAGE

to determine whether or not Britain can become not only the leading manufacturer in Europe but the principal supplier to other markets as well.

The industry has until recently concentrated its export efforts on wovens, and although tufted now represent the bulk of volume output as recently as 1975 exports of tufted at £38.8m. were barely ahead of wovens at £35m. The industry has also tended to concentrate on traditional markets such as the old Commonwealth and Scandinavia and has made less of an impact in the EEC where the leading supplier is Belgium.

The past year has seen some signs of an export re-orientation with a big increase in volume sales of tufted to the EEC and impressive gains in newer markets such as the Middle East. The U.S. market is also being attacked particularly by the woven manufacturers, who, with the demise of the American woven manufacturing industry, can now offer buyers a unique top quality product. A number of U.K. companies have now begun to develop marketing networks in the U.S., either individually or as consortia and the U.K. is now represented in a number of the important U.S. carpet markets.

For the tufted manufacturers the main need is to achieve higher value export sales with the German groups also suffering from over-capacity and the Belgian, fabricating for export

sales, prices have in fact fallen this year from levels which the industry already regarded as much too low. In this situation attention to the design requirements of particular markets and to delivery times is more essential than ever, the industry admits, and efforts are being made to improve on what has been a patchy performance in the past. For while a number of companies do pay attention to styling for the Continent, and in some cases have studios for this purpose in Europe, there has been a tendency to produce primarily for the U.K. market.

Exposed

Though the industry has been successful in finding a market in Europe for the printed tufted which the British market accepts, there is now a realisation that these products are likely to remain exposed to competition from similar high volume Continental products in the lower end of the market, and moves are now being made by a number of producers to try and find other market segments where a premium for a speciality product can be obtained. Some companies, including Carpets International, the biggest U.K. group, and Shaw, a leading tufter, are placing their hopes on new generation printing equipment which it is hoped will enable them to offer tufted carpets which will much more closely resemble the traditional Axminster but at a lower price.

The industry has been slower in adopting other techniques which are likely to be as important in winning a share of the premium market in Germany and other main carpet-buying countries. In these markets use of new manufacturing techniques and of finer dentic yarns, together with speciality yarns able to produce special effects, is enabling local manufacturers to avoid cut-throat competition lower down the market. If the industry can take advantage of these trends there could be a return to a period of better profits, though it is likely the rewards will be shared among fewer companies. In weaving, where the industry already has a unique market, most of the producers feel present levels of production can be maintained for the foreseeable future, there is likely to be a concentration on Axminster at the expense of Wilton. In tufting, however, rationalisation of capacity is seen as inevitable with smaller less efficient producers succumbing to the effects of prolonged price competition.

There has already been some re-grouping of the industry into larger units over recent years with the emergence of important groups like Carpets International, British Carpets, part of the Guthrie Corporation, and Youghal. Outside groups, including Bowater, have also

moved into the U.K. carpet industry and a major textile group, Nottingham Manufacturing, now controls one of the leading tufters, Lanfester.

In Scotland, the Scottish Development Agency (SDA) has taken an interest in the sector by acquiring stakes in the Guthrie Corporation's carpet operation and in Melkie. The SDA move will enable Guthrie which has lost considerable sums in carpets, to re-invest in new weaving equipment and to expand their tufting operation—moves which have not met with a wholly favourable response from other Scottish carpet groups suffering from the current intense competitive pressure in world markets.

There are now hopes within the industry that the easing of wages control and the turn-up in housing starts could stimulate demand this autumn. Few producers believe, however, that the U.K. market will offer more than a 2.3 per cent. per annum growth rate for the next few years. Nevertheless, as Michael Aykroyd, president of the BGMA and managing director of Firch Carpets, points out, a number of moves have been made over the past two or three years to ensure that the industry is better prepared to exploit export markets which it is hoped could be accounting for 30 per cent. of total industry output by 1986.

Exhibition

"The industry is making major efforts in the U.S. and the goal of a permanent exhibition site in London at which U.K. and overseas buyers can look at what British carpet manufacturers have to offer may also soon be realised," Mr. Aykroyd points out. A group of 14 manufacturers is taking space in the old Derry and Toms building in Kensington, and there will be occasional space available for exhibitions at which other companies will be able to participate. The project is expected to be in operation some time next year. The two wings of the industry, the tufted and woven, manufacturers have also come together within the past two years to form one trade body, the BGMA, and the industry is currently considering ways of stepping up the research effort undertaken on its behalf. Closer links have already been forged with design colleges and it is hoped this could lead to greater interest being taken by design students in careers in the industry. If the industry can make the most of these opportunities, then its size in Europe and its strength in all the main areas—woven and tufted manufacture, fibre engineering, printing and carpet machinery—could put it in line to carpet a large part of Europe, and perhaps of the world.

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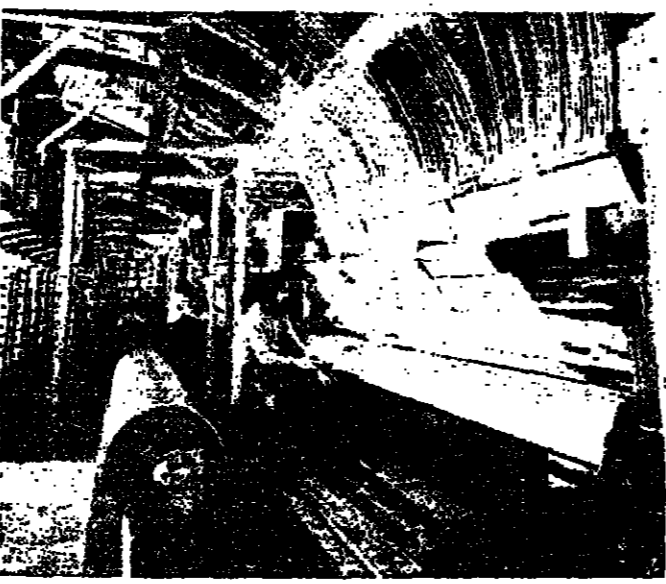
John, iolito

THE CARPET INDUSTRY III

Leading the world in wovens

Right PETS AND FE CONSUME 1972 1973 1974 1975 1976 1977

SEARCH for distinctive which carpet manufac- round the world are the British carpet has at least one area can claim to have a advantage. Britain's carpet sector, producing Axminster and Wilton for the top end of the is the largest in the world with an output of 1.5 billion square metres of carpet was equal in size to that of the European woven carpet combined.



A section of the Axminster Plant at Associated Weavers in Bradford.

Northern Ireland—the industry's record in avoiding a much sharper downturn owes much to its readiness to accept change at a time when carpet manufacture in general has been going through a series of revolutions. The tufted process developed over the last 20 years—both by existing carpet manufacturers and by newcomers to the industry—offers ways of making large quantities of carpets much more cheaply and with far fewer people. And also eliminates many of the stages in the production pipeline which has to be followed in woven manufacture. Whereas the woven manufacturer, or his supplier, starts at the raw wool stage and must then spin and dye before weaving, the tufted manufacturer is able to feed undyed yarn from the fibre producer directly into a tufting machine and can achieve pattern effects by use of printing.

generally sell at up to the cost of the cheapest Axminster. Industry leaders are aware, however, that the process of adaptation to change will have to be maintained if the new challenges to the position held by woven carpets are to be there are problems in financing any necessary building for resisted and a sizeable share of the market retained. Woven manufacture is not only more labour intensive than tufted but is a more skilled process as well, and there are dangers that the sector, because of uncertainty associated with the industry as a whole, could in future find it increasingly difficult to recruit skilled craftsmen to replace men retiring. The woven sector is also certain to remain under continued competitive pressure in its segment of the market as tufted manufacturers seek to move up-market to achieve a better price for their product. Technical developments in printing have resulted in considerable improvements in the quality of the tufted product.

Furthermore, while strong demand may remain for woven carpets at the top end of the market, in many countries the skills needed to fit these carpets have sometimes either never existed or have disappeared. Finally though carpets have not been an area invaded, like some other textile sectors, by low cost producers, there are some signs of investment going ahead in woven production in East Europe. Despite these problems research in the industry suggests that the sector can look forward to a relatively stable future with the period of decline ushered in by the arrival of tufted probably now largely behind it. Some changes in the profile of the sector are, nevertheless, expected with Wilton production probably shrinking further and Axminsters continuing to move away from the middle of the market, specialising instead at a level where they will be less exposed to tufted competition. The Wilton carpet, particularly in patterned form, is heavier in raw material usage than comparable Axminsters, and the manufacturing process too is more labour intensive. Companies still specialise in this

Demand

The woven industry has been able to survive, however, partly because of continuing public demand for the woven product with its superior quality and appearance, but also through adoption of technical changes aimed at ensuring that the price gap between woven and tufted remains as narrow as possible. Woven manufacturers have invested in new weaving equipment—almost all of which is now made in the U.K.—offering considerable increases in productivity. Looms, for example, are now capable of producing three times as much as 30 years ago and significant reductions in yarn wastage, an important factor because of the high cost of wool, have also been achieved. This re-investment, even during the past two-three years of success over the past difficult few years, it has, like other sectors, suffered from the decline in demand for consumer goods. The summer months are invariably quiet for the carpet industry and signs of a real pick-up are unlikely much before the autumn. With stocks in some parts of the industry at higher than normal seasonal levels there has, however, been some short-time working and some groups have extended normal summer holidays. The industry has, however, been reluctant this year to cut back too far on production in the

Tufted manufacturers face problems

in, rather than changing the designs being tufted by individual machines. The use of 10 or 20 tufting machines was not uncommon. The advent of carpet printing technology produced radical changes in that printing equipment offered unsurpassed and high speed patterning versatility, but at a much greater price. One recent installation of a modern carpet printing machine has involved a tufting machine in the expenditure of £2.5m. Once the necessary printing equipment is in place, three or four tufting machines are usually all that is required to make the print base carpet. However, although all soft floor coverings have been making progress in the contract and institutional sectors thanks to greater appreciation of their functional qualities (warmth retention, sound deadening and easy clean characteristics), the gradual dwindling of the number of new building projects has had an adverse effect. Happily for British tufters the West European market began to develop. It is an odd fact that it took less than 10 years for tufting technology to travel across the Atlantic from North America to the U.K., but the best part of another 20 years for it to establish a large scale bridgehead across the Channel. It was not until the late 60s that the West German carpet metres in 1975 to 98.7m. In summer, for example, forsook needleloom carpeting for more luxurious tufted products. British tufted carpet manufacturers, even though somewhat concerned about excess productive capacity, were able to make hay in such markets while themselves enjoying booming demand for their equipment. For a while it looked as if

modest start by some of the leading woven groups. In the U.S. the hard-wearing and good looking appearance of woven carpets have made them highly suitable for the important contract market. Brinkley, one of the leading Kidderminster-based woven manufacturers, set up its own U.S. selling subsidiary several years ago to exploit this market, and other groups including Stoddards, the Scottish manufacturer, and Fifth Carpets of Yorkshire have expanded their marketing and promotional efforts in the U.S. to develop sales. Further substantial opportunities also exist in Europe, though there are some important differences in national attitudes to carpeting, which makes it unlikely that as big a market for wovens could be built up as in the U.K. But although the industry can point to a record of some success over the past difficult few years, it has, like other sectors, suffered from the decline in demand for consumer goods. The summer months are invariably quiet for the carpet industry and signs of a real pick-up are unlikely much before the autumn. With stocks in some parts of the industry at higher than normal seasonal levels there has, however, been some short-time working and some groups have extended normal summer holidays. The industry has, however, been reluctant this year to cut back too far on production in the

summer months following last year's experience, when a strong surge in demand in the autumn left some manufacturers short of supplies for the market. Particularly among the smaller producers, however, stock because of the very long pipeline from wool or yarn through to the finished product, and this problem has been made worse by the rise in the price of wool over the past year. Though there has been some easing in recent months from the peak reached in October last year, wool prices are still substantially above those of man-made fibres. The woven sector has responded to rising wool prices in part by increasing its usage of other fibres, and in particular, acrylic, which most closely resembles wool's handle. Wool which in 1972 accounted for about 63 per cent. of total fibre used in woven carpets had fallen back last year to 51.5 per cent. Acrylic over the same period has risen from 7.5 per cent to 23 per cent. with nylon—chiefly used in blend form with acrylic or wool for its strengthening properties—roughly constant at just under 17 per cent.

Increased use of less expensive fibre has played a major part in the past few years in holding down the industry's costs, enabling it to continue to stay in touch in terms of price with tufteds which too is more labour intensive producers—and a number of

area—likely as a result to concentrate increasingly on plain colours. Nevertheless, though a whole variety of economic factors could change the situation, total woven output of the U.K. carpet industry by 1985 could, according to some estimates, still be around 450m. sq. metres—roughly the same as at present. Over the same period growth in tufteds is thought likely to bring total production up to 1.85m-1.90m sq. metres. Within the overall woven sector it is thought Axminster may have risen from the present 30m. sq. metres to 40m. sq. metres by 1985, producing export opportunities are taken with Wilton falling back from 5m. sq. metres to 3m. and flooring most prominently in future, in private contract applications.

Economics Much will depend of course, on the relative movements of production woven and tufted carpet, but at present the price pressure is on the tufted rather than the woven sector. Prices of tufteds will have to rise ultimately if the industry at all levels from large producer through to retailer is to make a sufficient return on investment. This could as a result lead to some narrowing in the price gap between tufted and woven carpets. The wovens sector in the U.K. seems assured of a future therefore with volume remaining broadly stable, even if its share of the market as a whole continues to decline. Further, more it seems likely it manages by virtue of its size, technical, design and other strengths to consolidate its position as the principal world carpet weaving sector, its future could, too, be as profitable as at any time in the past.

R.D.

THERE ARE THREE LEADING COMPANIES IN BRITISH CARPETS

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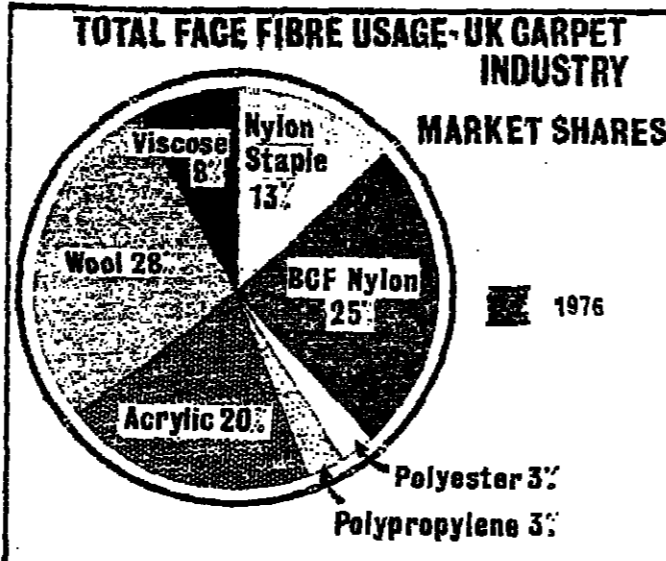
Templeton Grays Carpets Woodward Grosvenor Carpets for the Connoisseur Kingsmead CARPETS DESIGNED FOR TODAY British Carpets Limited A member of the worldwide Guthrie Corporation group

Carpets International Limited covers the world As well as supplying carpets for the home the seven leading carpet companies in the Carpets International Group offer the widest range of floor-coverings specifically tailored for executive and commercial offices, hospitals, schools and for leisure areas such as clubs, pubs and restaurants. To-day a special Contract Showroom has been opened at the Carpets International Centre in London to aid further development of the Group's activities in this important sector of the market. Carpets International also has manufacturing and marketing interests in Europe, U.S.A., Canada, South Africa, Australia, New Zealand and the Far East. Group turnover in 1976 topped £100 million.

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EDGAR PICKERING Hackburn) Market leader in tufting technology

Growing importance of fibre variety



the strong competition between carpet manufacturers... another equally important factor is being fought. As who has bought carpets will have discovered. The European fibre producers have totalled cumulative losses of more than £1bn over the past three years, and have warned that prices, despite some upward movement over the past year, need to rise by a further 20 per cent, at least if further investment is to take place. Without a rise in the price of fibre a number of producers are likely to withdraw from certain product areas—such as carpets—and this in itself would tend over the long term to push prices upwards.

Thus there could be a period of greater price increase in man-made fibre than in wool prices. The International Wool Secretariat points out that at Harrogate this year there will be a record launch of more than 80 new wool ranges, of which more than 30 will be tufted carpets.

But although it remains difficult to forecast the exact trend of the carpet fibre battle, it is fairly clear that the main competition in Britain for the foreseeable future will be between three fibres—wool, acrylic and nylon—which between them currently hold more than 80 per cent of the market. In nylon, the main fibre used in tufting, one of the most important developments over recent years has been the growth of nylon staple—short lengths for spinning—as a challenger to the tufted markets to bulked continuous filament nylon, the yarn originally responsible for the very rapid growth of the tufted carpet market.

Variety

In spun form a greater variety of effects can be achieved, and the various staples, such as ICI's Timbrelle, have now grown to hold around 13 per cent of the U.K. market, compared with 25 per cent for BCF. The fibre producing new effects also with trade up from the BCF. British Enkalon, one of the main suppliers of nylon to the bottom end of the U.K. market, is showing at the Harrogate fair a new low the various fibres is denier, high-cover filament yarn to remain crucial, which will compete directly polypropylene, and with staple. As a result of this to have a slight and similar developments, over nylon in terms growth of staple is expected by material costs but some forecasters to slow down, can be outweighed and perhaps to reach only with some of these around 18 per cent of the same weight to tufted markets by 1986.

same degree of pile Polyester and polypropylene has been declining are expected between them to its substantially be still holding a smaller share than the other even than this in the U.K. market, which have been kept in 10 years time. Though heavily discounted polyester made substantial in-

roads into the U.S. carpet market in the early and mid 1970s, its rate of growth has fallen back, and in the U.K. it accounted for only 3 per cent of total fibre usage in the carpet industry last year. The fibre suffers from some drawbacks, including a tendency to flatten when not used in sufficient pile weights, and it lacks any clear advantage over nylon. Polypropylene suffers from the disadvantage of being difficult to dye or print and seems likely to be confined in use to the cheaper end of the market.

Viscose, the wool pulp-based artificial fibre has fallen back to only around 8 per cent of the U.K. market after holding a substantially greater share in the early days of tufting. Prospects for the fibre—largely supplied by Courtaulds—have improved, however, as a result of the general increase in costs. Because of this carpet manufacturers seeking to hold down prices have increased their usage of viscose in inexpensive carpets.

Knitting

Although other methods of carpet construction such as knitting have been developed and improvements have been made to other processes such as needlefelting, few carpet producers now see any prospect of further major advances in manufacturing or patterning techniques. Instead the industry is searching for ways of adding value to its existing products to escape from the low prices and poor margins which severe over-capacity in tufting and printing have caused throughout Europe.

It is here that the fibre industry sees its chance. Much of the innovation that is now required to give carpet manufacturers the chance of producing higher priced products seems likely to come from the fibre producers who similarly now have a pressing need to find ways of improving their returns. As a result most of the leading fibre suppliers to the carpet industry have been devoting considerable research to coming up with newer speciality fibres commanding a premium over the bulk commodity fibres used in basic printed tufted carpets.

There has, for example, been a pronounced trend on the Continent towards the use of finer

denier yarns to achieve more luxurious pile effects, and another trend, according to ICI, which claims to be the leading supplier of nylon to European carpet manufacturers, is increased use of speciality multi-component yarns on the Continent for piece-dyeing. The construction of these yarns—which are currently commanding a price premium of up to 50 per cent over commodity yarns—produces a floral take-up of dye so that a mottled or marbled effect can be achieved by passing the white cloth through a single dyebath after tufting. There is a growing demand, too, for other speciality wools and heaviest yarns on the Continent, and another leading producer, Du Pont, reports a strong interest particularly among German consumers, for yarns with anti-static or anti-soiling qualities built in.

There is a danger some of the leading fibre producers claim, of the U.K. tufting industry "blowing out on some of these developments and as a result failing to exploit to the full the opportunities available in Europe." In the U.K. woven carpets have traditionally occupied the top end of the market so that demand has not grown to the same extent as in Germany or in some other leading European countries for high-quality tufteds incorporating special yarn characteristics.

U.K. tufted manufacturers have concentrated on printing—in a bid to reproduce woven effects—and piece dyeing, which has up to one-third of the German market, is very small in the U.K. It is possible therefore that in seeking to sell printed tufteds—designed in the first place for the U.K.—British manufacturers will find themselves always competing on price in the middle to lower end of the European market, and will lose the higher value, more sophisticated, tufteds market, making use of specialised fibres, to the Germans.

It is a threat which the fibre producers—for their own commercial reasons—have begun to stress to their U.K. customers, but in the current depressed state of the industry tufted manufacturers could be faced with major problems in making the adjustments that are needed. The industry has invested heavily in basic printing equipment, and furthermore the speciality yarns which the fibre manufacturers would like to see being used are more expensive.

The trend on the part of carpet manufacturers has been in fact to seek to cut fibre costs as far as possible by reducing the weight used in the pile in order to meet certain pricing points in the shops. Attuned to meeting demand in the U.K. where prices have tended to be the most important factor U.K. tufted manufacturers may be unwilling to go for a higher segment of the market on the Continent where the demand is for greater fibre weight and more speciality effects, even though this may offer a way out of present price competition.

They are developments which the U.K. industry can hardly afford to ignore, however, if it wishes to participate in the most profitable part of the European market.



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Retailing

CONTINUED FROM PREVIOUS PAGE

A principal area of attack would be to re-establish brand names to counter any moves by Continental manufacturers.

Mr. Robyn Grant, managing director of Heuga U.K., the carpet tile manufacturers, has recently warned that too much retail influence could lead to short-term benefits only for customers and long-term problems for the manufacturers who would become vulnerable to competition from the U.S., Belgium and Germany.

The answer, he feels, is not to leave the main responsibility for putting over the industry's message to the retailers, but rather that the industry should once again talk to its ultimate customers. But the retailers have invested heavily in advertising and last year spent an estimated £28m, compared with £360,000 by the industry.

His predictions agree with those of Mr. Hannah, who went further and showed there was an even split in the industry between those who thought that retailers would eventually extend their operation back up the line and take over the manufacturing and those who thought the manufacturers would fight their way out of trouble by aggressively promoting their own brand names. Perhaps a mixture of the two will be the likely outcome.

Whatever happens it does not appear that small will be beautiful, except the very small. The recent upsurge of London as a main Western shopping centre will have meant that the retailers of very high quality furnishings will have been successful, and there will always be a top-end specialised market among the very rich.

It remains to be seen what influence new retail outlets like hypermarkets will have, but they are taking a close look at the carpet market. Their success, however, will probably be related to their ability to attract customers as much as their ability to establish themselves in this one specialised market. But they can take heart from the mail order houses where Great Universal Stores holds about 8 per cent of the domestic market.

The biggest single market share is still held, however, by the Co-operative stores and it will be on their ability to retain custom and that of other big chains like John Lewis and Debenhams, which is making a feature of developing carpet sales, that the future of the market will turn.

Stuart Alexander

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THE CARPET INDUSTRY VI

Donaghadee Carpets Ltd

A Carrington Vivella Company

The growth of the European carpet industry and in particular the printed tufted sector over the past decade has been impressive, but no less impressive has been the growth of Donaghadee Carpets over the same period.

"Donaghadee Carpets have progressed into one of the largest producers of printed carpets in Europe."

Emerging from the collapse of the Cyril Lord empire in 1968, Donaghadee Carpets, with a policy of identifying and exploiting profitable markets by producing carpets of uniqueness and value to the consumer and the application of sound technical and commercial commonsense, has progressed into one of the largest producers of printed carpets in Europe.

"... product innovation not for the sake of change, but for sound financial reasons"

One of the major contributory factors to that growth has been product innovation; innovation not for the sake of change, but for sound financial reasons. Donaghadee Carpets has a proud record of successful firsts in the industry, particularly in the development of cut pile heat set products, and in the field of secondary backing. A recent development which has received acclaim throughout the carpet industry has been Donaghadee's unique "TEXBAKT" backing, for which patents are pending in all major industrialised countries throughout the world.

"... a policy of continual investment in new areas of technology"

Innovation has also been the order of the day in production techniques and Donaghadee has been in the vanguard of industry developments with a policy of continual investment in new areas of technology culminating in 1973 in the building at Blackburn, Lancashire, of the most modern carpet printing plant in Europe. The Company takes pride in the fact that the majority of its machinery, including the three print machines, is British made. In addition to progressive print/tufted carpet manufacture, Donaghadee also has a Wilton plant in Randalstown, Northern Ireland. Formerly part of the Old Bleach Organisation, the factory weaves traditional Wilton carpet for the domestic and contract market, producing broadloom and body carpet. The Company has been responsible for carpeting a number of notable public buildings, a recent one being the National Theatre in London.

"... a continuous process of upgrading in style and aesthetics"

In spite of dramatic advances in technology, printed carpets could never have made their breakthrough in either the British or European markets, had the aesthetics of the product been unacceptable to the consumer. Floor coverings are a major purchase where the consumer is probably more demanding in design, colour requirements than in almost any other type of consumer goods. Design and colour requirements in each market, at home and overseas, and responding to and satisfying these requirements has resulted in a continuous process of upgrading in style and aesthetics.

"... export achievement which has been recognised by the granting of two Queen's Awards to Industry"

Successfully designing and aggressively exploiting new production techniques have been major contributory factors in the success of the Company. However, in a business geared to volume manufacturing, with large and diverse markets both at home and abroad, an efficient and commercially knowledgeable selling organisation is of importance. To service the European market Donaghadee Carpets has established a continental based sales team supported by warehousing and distribution facilities in Germany. Other markets in which the Company has a long record of success include Canada, Japan and the Middle East. This commitment to exporting has been a significant feature in the growth of Donaghadee Carpets. The Company has for a number of years consistently exported an above average proportion of its capacity, an achievement which has been recognised by the granting of two Queen's Awards to Industry.

The rapid growth of the carpet industry over a relatively short period of time has inevitably brought with it major problems, particularly of over-capacity. Donaghadee Carpets believe that their performance during the most dramatic decade in the history of carpet manufacture augurs well for the future of the Company.

Developments in machinery

THE WORLD depression, which has hit textiles particularly hard, has also had its effect on the machine building trade. In carpets there is generally felt to be an over-capacity in plant and this is reflected in the order books of the carpet machinery suppliers, although most are managing to maintain a flow without seriously cutting back on their labour force.

One of the machines that has generated immense interest is the new system of making patterned carpet known as Bondax. It is very much the concept of Bond Worth which in the past few weeks has been forced to call in the receiver. The Bondax system uses a classical Jacquard for its patterning and is as versatile in production as the Axminster looms it is likely to replace.

System of production is very simple, in that individual tufts of selected colour are inserted into a pre-coated primary backing. The adhesive is melted just before the tufts are introduced into it. The adhesive is coated on aessian backing—so far nothing else has been used—by a system developed by adhesive manufacturer Evode and supplied direct to the carpet manufacturer in rolls.

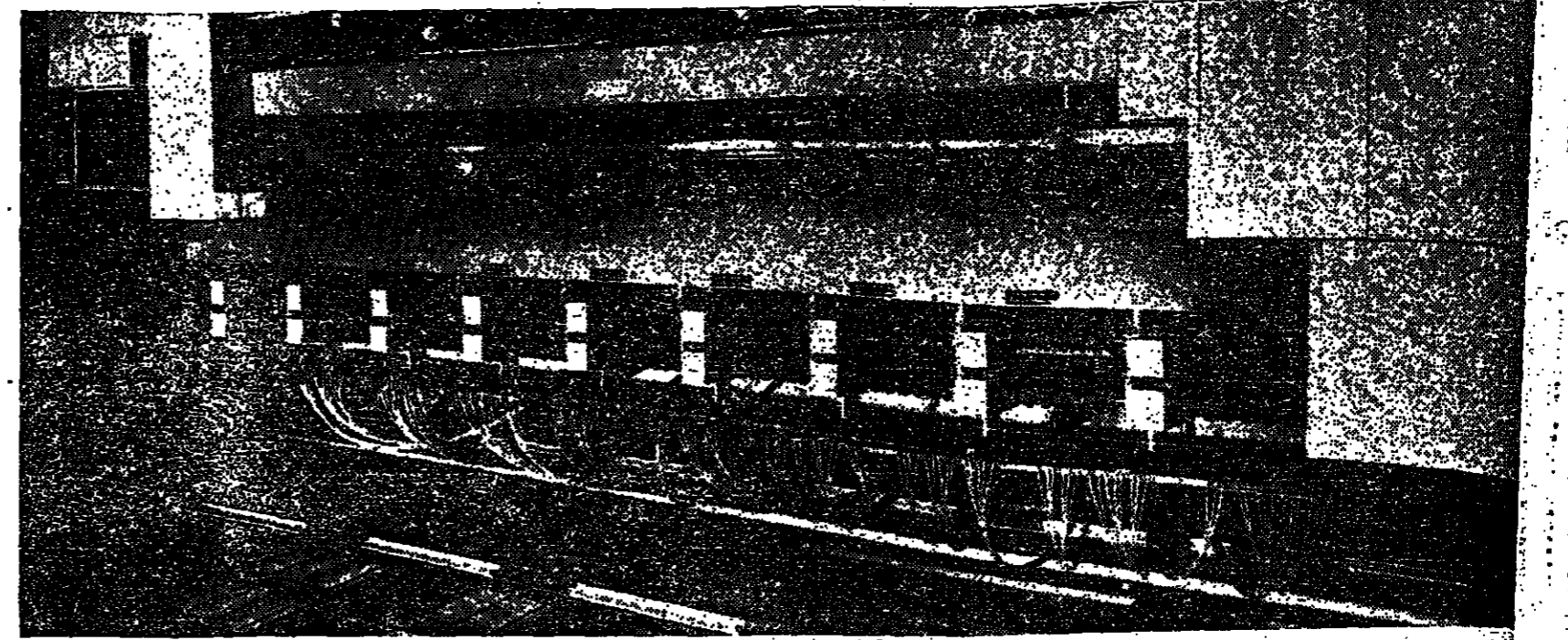
Already a 1-metre-width machine has proved the system to be viable and now a 4-metre-width machine has been supplied to Bond Worth by Platt Saco Lowell, which company still owns the machine. As it is built in 1-metre sections, virtually any width can be supplied to the trade. To bring the trial products close to Axminster, the first carpets will have six rows of tufts per inch, but this can be increased to eight, nine or even ten rows per inch if required.

Faster

Where Bondax is expected to gain over the classical Axminster machine is that whereas the Axminster has 27 mechanisms, Bondax has only five and is a substantially faster machine, although somewhat slower than modern tufting machines. As individual tufts are inserted into the thermoplastic coating, only a minimum of yarn is required for a given weight of pile.

What happens now that Bond Worth has its problems is not clear, but it would look as though the machines will be sold and the process will either involve a royalty per yard produced or, for certain markets, outright fees may be charged. In tufting machinery Cobble Blackburn has had great success with its 252-roll "clutch-in-roll" machine which allows patterns double the width previously attainable to be tufted, but this Lancashire-based company has now developed a machine that has considerable potential for the fine gauge trade. It has been designated the Modular machine.

In previous types of tufting machines the basic elements, such as needles, loopers, etc., have been mounted individually and with every item it was necessary to position the element and then tighten it in place. In the modular machines a system that has long been in use in the warp knitting trade has been adopted. Instead of



A 252 roll "clutch-in-roll" scroll tufting machine built by Cobble Blackburn, which doubles pattern width potential on broad tufting machines.

having individual elements the new machine uses sets of parts which are mounted in blocks— or "leads"—of precision moulded metal each of which is about 11 inches wide.

For say a 1/16 inch gauge machine there would be some 20 needles in each module and the whole element would be about the same size as a match-box. This means a machine can be fitted with sections of parts very quickly and with very great accuracy. The importance of this can be measured from the fact that in a four-yard width, 1/16 inch tufter there would be over 2,300 individual needles and corresponding numbers of loopers etc. while there would be over 1,800 parts, each of which in the past had to be individually mounted.

As the industry moves towards very fine gauge carpets of the velour type, so the problems of maintaining these machines increase. The modular concept will certainly be a great help in making life simpler for the machine minders and should anything be damaged a small section can at once be removed and a substitute inserted without delay.

Such has become the size of the tufted carpet industry in world terms that it has been felt possible now to introduce a completely new company within the framework of the trade. West End Tufting Machinery, Oswaldtwistle, has been set up near Accrington and Blackburn by Mr. Ronnie Ellison, a well known figure in the trade. He feels that a company that purchases older machines, completely refurbishes them for resale, will provide a useful service. In addition he is also planning to supply parts for Ellison tufting machines, which is something that has been problematical since the company closed down a few years ago.

With the tendency towards ever finer gauge machines Edgar Pickering (Blackburn) has been moving towards the development of a number of new ideas in this area. The most recent is probably the double height "cut-out" machine. This is a 5/84 inch gauge machine that is able to produce patterned cut pile carpeting in two different pile heights. But in the near future the company envisages a new cut pile machine which will be down to 1/16 inch gauge.

Change

But with the installation of the first European Millitron machine by Shaw Carpets, the nature of the trade has begun to change once again. This American machine uses tiny jets to inject colour into the pile of the carpet. Unlike the screen printing machines that are used on loop pile carpet, Millitron is largely confined to cut pile products, although this will undoubtedly change as more comes to be known about the process.

Peter Zimmer in Austria is actively developing a competitive system which, unlike the Millitron machine, is inter-side to side and at interval jets will traverse the carpet from side to side and at intervals jets will be signalled "print" or "no print" in order to build up the pattern. The number of colours applied will depend on the number of traversing carriages in the machine, as each will provide one colour. It is claimed by the Australians that this will be a cheaper machine than the American equipment and that there will be no royalties charged. But now a new development

by Edgar Pickering (Blackburn) has seen what is perhaps a significant breakthrough in the Crawford-Pickering machine. In this machine a sheet of yarn is taken through the machine and at each colour stage a pair of dyestuff-impregnated pads close over four ends of yarn and so colour it with that shade.

In the MK II machine a major step has been taken in that instead of pads above the yarn, a hard roller is used and the impregnated pads from below rise to press the yarn against the roller. This means that only half the number of pads will in future be required, but in the latest version of the machine it has also proved feasible to take 8 ends of yarn across each pad.

The possible dangers of contamination have been overcome as the roller has a doctor that removes any excess dyestuff that might be left after printing. The machine has great hopes for this newest machine and at the Northern Floorcoverings Fair, in Harrogate, samples will be shown that have been produced on carpets with nylon, polyester and "Acrlan" acrylic fibre. Already twelve machines of the Crawford-Pickering type are running in various parts of the world. Nine of these are 6-colour machines, while there are two 8-colour machines and one capable of applying 10 colours. After the sheet of yarn has been printed and the colour set in the yarn, it is then tufted into patterned carpet that comes close in appearance to a patterned Axminster.

With the MK II machine, Pickering is placing great hopes in this new development as the entire process has been greatly simplified and requires only half the controls of the original machine. Although business is not exactly booming, the carpet machinery suppliers are extremely active. Individual attitudes towards the way the industry is evolving vary widely and each company is placing great effort into what it believes will be the best way towards an assured and lucrative future. But this is happening against a background where even the trade itself is by no means clear in its own thinking as to what is going to be the most likely trend, let alone the most profitable.

Peter Lennox-Kerr

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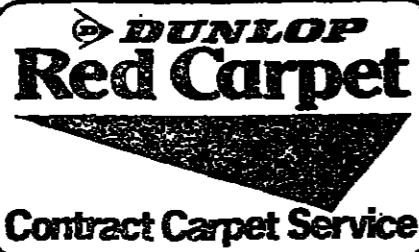
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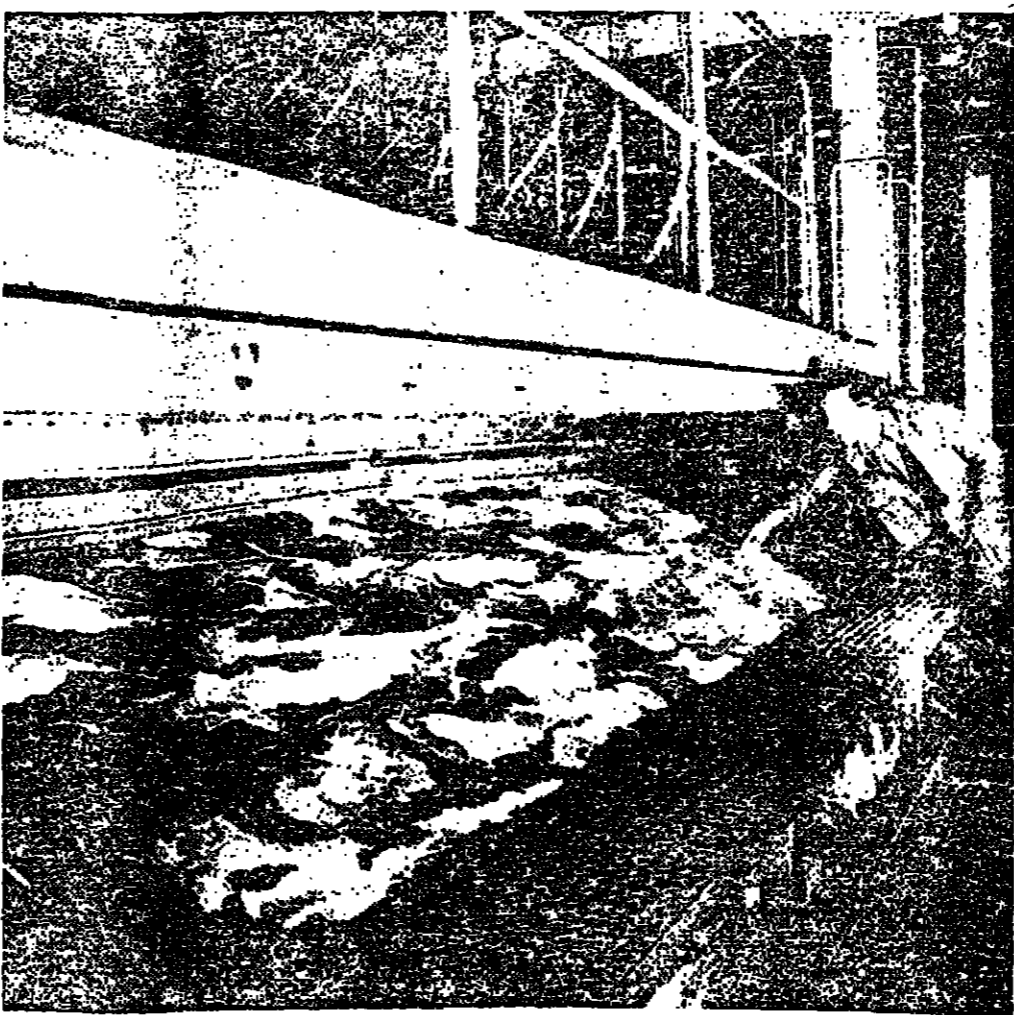
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AUTHORISED UNIT TRUSTS OFFSHORE AND OVERSEAS FUNDS

Main table listing various unit trusts and offshore funds with columns for name, manager, and performance data.

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for various regions including UK, Europe, and Asia.

FT-ACTUARIES INDICES

Table showing actuarial indices for different categories.

HONG KONG

Table listing financial data for Hong Kong.

SINGAPORE

Table listing financial data for Singapore.

NEW ZEALAND

Table listing financial data for New Zealand.

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INSURANCE, PROPERTY, BONDS

Large advertisement for insurance, property, and bonds services, including company names and contact information.

Henry Boot Construction Limited Sheffield Tel: 0246-410111

FT SHARE INFORMATION SERVICE

HOTELS - Continued

Table of hotel share prices including columns for Dividend, Stock, Price, Last, Div, and Yield.

AMERICANS - Continued

BUILDING INDUSTRY - Cont.

DRAPERY AND STORES - Cont.

ENGINEERING - Continued

Table of American share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

Table of Building Industry share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

Table of Drapery and Stores share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

Table of Engineering share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

INDUSTRIALS

(Miscel.)

Table of Industrial share prices including columns for Dividend, Stock, Price, Last, Div, and Yield.

**BRITISH FUNDS

Shorts (Lives up to Five Years)

Table of British Funds share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

Over Fifteen Years

Table of British Funds share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

Undated

Table of British Funds share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

**INTERNATIONAL BANK

15F 15A 15B 15C 15D 15E 15F 15G 15H 15I 15J 15K 15L 15M 15N 15O 15P 15Q 15R 15S 15T 15U 15V 15W 15X 15Y 15Z

Table of International Bank share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

**CORPORATION LOANS

Table of Corporation Loans with columns for Dividend, Stock, Price, Last, Div, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Dividend, Stock, Price, Last, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Dividend, Stock, Price, Last, Div, and Yield.

AMERICANS

Table of American share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

Conversion factor 0.8054 (0.8066)

CANADIANS

Table of Canadian share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

Hire Purchase, etc.

Table of Hire Purchase, etc. share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

LOANS (Miscel.)

Table of Loans (Miscel.) share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

ELECTRICAL AND RADIO

Table of Electrical and Radio share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

ENGINEERING, MACHINE TOOLS

Table of Engineering, Machine Tools share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. share prices with columns for Dividend, Stock, Price, Last, Div, and Yield.

HOTELS AND CATERERS

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Financial Times Monday September 5 1977

Table with columns: Stock, Price, %Ch, Div, Yield, etc. Includes various financial instruments and company shares.

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Advertisement for SANWA BANK, Tokyo, Japan, featuring the text 'Serving the world with financial expertise.' and 'SANWA BANK Tokyo, Japan'. Below it are sections for MINES-Continued, TINS, RUBBERS AND SISALS, TEAS, MINEs, EASTERN RAIN, FAR WEST RAIN, O.F.S., and FINANCE.

Legal notices and miscellaneous information at the bottom of the page, including 'NOTES', 'MISCELLANEOUS', 'REGIONAL MARKETS', and 'OPTIONS 3-month Call rates'.

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ET Monthly Survey of Business Opinion
Industry not expecting wages explosion

INDUSTRY DOES NOT believe there will be a wages explosion during the coming 12 months though it is expecting pay increases above the Government's 10 per cent target.

This is indicated by the latest Financial Times monthly survey of business opinion published this morning. A large majority of the companies interviewed believe the rise in wage costs will be more than 10 per cent in the next year with a median increase of 12 1/2 per cent. This is some way below many other projections—generally in the range of 12 to 17 per cent—though the figures are not strictly comparable.

The interviews for this month's survey—covering non-electrical engineering, brewing and distilling and paper and connected industries—were mainly carried out in the first half of August.

Uncertainty about the rate of increase of wages overshadows the replies to a number of the other questions on business confidence in the survey. Although there is slightly more optimism about the outlook for the U.K. economy generally than before, there has been little change in the degree of optimism about the business prospects of particular companies.

The overall picture is of a slow recovery in both demand and expected output. While export prospects remain strong, all three of the sectors interviewed this month show a greater inclination to mention price competition and the erosion of the exchange rate advantage following the stability of sterling.

But the expected pick-up in production over the next 12 months is still unlikely to be sufficient to offer any real hope of an end to the rise in unemployment with a rough balance between those expecting to increase their labour force in the next year and those projecting a decline.

The new survey also confirms the recent revision downwards of the expected recovery in capital investment as the proportion of companies expecting expenditure to rise in volume during the next 12 months has declined for the second month running.

Survey Details Page 12

EARNINGS ON CAPITAL

Those expecting earnings during current year to:	4 monthly moving total				August 1977	
	May	Apr.	Mar.	Feb.	Eng. & Brews. & Distills.	Paper
Improve	63	63	61	57	48	35
Remain the same	10	11	23	31	25	6
Contract	18	16	11	7	27	29
No comment	9	10	5	5	—	—

ICI may pull out of research tobacco substitutes

BY STUART ALEXANDER

ICI MAY pull out of any further research into tobacco substitutes. The company is disappointed with the sales performance of NSM so far (which it developed in conjunction with Imperial Tobacco) and with the lack of Government support for a project it sees as potentially of lasting benefit.

To introduce modifications to the present product to improve burning characteristics and undertake the detailed development work and testing that would be required for another generation of NSM, the cost could be between £1m and £10m, of which ICI would have to pay two-thirds.

ICI, which did most of the research and development work on NSM, would like to see the present product generating more cash flow before it embarks on a programme of new research.

Meanwhile, ICI has run down its project team from 100 plus technicians and engineers, to a total of 35. Last year, Courtauld abandoned research into tobacco substitute.

ICI's dilemma is partly because the £15m plant at Arrol, Scotland, built to produce NSM, is running at between 5 and 10 per cent of capacity with no sign of an early upturn. This has also reduced the number of jobs originally envisaged.

Imperial is still adamant that substitutes have taken a 3 per cent share of the market, of which it claims two-thirds. But Gallaher says the original 3 per cent has dwindled to below 2 per cent, and that this has been drawn from an existing market, rather than representing any increase in the overall market.

ICI claims that with further research the present NSM could be modified, as is normal with all new products with a scientific base, and that eventually cigarettes could be made with at least 50 per cent substitute.

This, it says, would significantly reduce the tar delivery and improve the product on offer to smokers.

It feels that the lukewarm Government reception and criticism from Action on Smoking and Health and the Health Education Council could kill the project.

This has also had an adverse effect on the prospects of overseas sales which are needed to give the Arrol factory a level of production which could make it financially viable.

Before the launch of substitutes in the U.K. on July 1, it was said that the U.K. would be the focus of world attention, both in terms of the pronouncements by the Government-appointed Hunter Committee, which looked into the use of substitutes, and their subsequent success or failure in the market place.

Under the agreement with Imperial, set up in 1967, ICI paid two-thirds of the development costs and now has a two-thirds share in NSM Ltd, which markets the substitute.

Both ICI and Celenese Corporation of America, which developed and manufactures Cytrel, feel that having been encouraged by the Government to research these materials, they have now been damned with faint praise and a negative attitude, while Government-sponsored pressure groups have been hostile.

However, Celenese plans to continue its research programme into a new generation of Cytrel, although it is examining the possibility of the research in the light of market developments in the U.K.

There has been some increased interest in Cytrel outside the U.K. and an Israeli manufacturer has announced a Cytrel cigarette. NSM samples have also been sent to Israel.

While it is early days, there are signs that a section of the population is turning to substitutes, and retailers have indicated they are prepared to continue stocking them, even with sales at a low level.

Drop in ferrous scrap business exceeds £100m.

BY ROY HOODSON

TURNOVER IN the ferrous scrap business has fallen by more than £100m a year because of the recession in world steel-making. Some British traders are making heavy losses.

The market has moved against the scrap companies once again with a new round of price cuts by British Steel for the scrap it is prepared to buy-in being applied this week.

The merchants hoped for a revival in demand for scrap as the steel mills started up again this month after the summer holidays. Instead, British Steel discussed possible cuts of between £2 and £4 a tonne for some grades of scrap.

The prices being offered by the corporation are secret. But it is understood that following representations from the merchants and their national body, the British Scrap Federation, the corporation has trimmed its latest price cuts between £1 and £2 a tonne for a limited number of grades.

The private sector steelmakers are generally offering prices for scrap as good as British Steel levels or, in some cases, slightly above. The pressure towards cheaper scrap has come almost wholly from the nationalised steel industry.

There have been 11 price reductions for ferrous scrap in the last 18 months. The companies complain that the very frequency of the reductions is damaging as it is removing any element of stability from the trade.

Scrap prices peaked in mid-1976 at between £45 and £48 a tonne. Present prices for the same qualities of scrap range from £25 to £28 a tonne.

The companies which bought quantities of scrap at higher prices and then stockpiled are facing the worst losses. They are now having to clear their yards at loss-making prices. The trade was estimated to

have an annual turnover of some £400m a year, last year with some 10m tonnes of scrap being handled. The volume is down by 2m tonnes and the fall in prices has cut turnover to, at best, some £300m a year.

The trend in scrap handling towards a high degree of automation during the last few years is working against some companies which invested in expensive plant during the boom and are carrying high interest charges.

At least five of the big fragmenters, which are used to crush motor-cars, have been temporarily withdrawn from service.

A further effect of the slump in demand for scrap is that itinerant collectors who traditionally have made a living by collecting scrap from households and small businesses to resell to the bigger companies are disappearing.

Rolls-Royce to monitor its research activities

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE is to undertake similar internal studies in the past in such areas as manufacturing and general management, but this is the first time since 1971 that the whole research and development effort has been subjected to such a review.

Last year, the company spent over £57m on research and development, nearly £19m more than in the previous year.

The review is considered timely, since the world aerospace industry is on the threshold of an upsurge in airliner buying, especially in the short-to-medium range field. Rolls-Royce needs to know whether there are any additional areas that it ought to be working in.

One particular area in which the company so far appears to have done little work is that of a replacement for the Spey engine, which powers a large number of short-to-medium range airliners like the U.K. Tristar and the Boeing 737.

The lack of a Spey replacement of around the "ten-ton thrust" class, or about 18,000 lb, to 22,000 lb, thrust, has obliged manufacturers like British Aerospace to adopt the Franco-U.S. Conquest engine as the power plant for such new airliner designs as the X-Eleven, which is a major contender for the short-to-medium haul markets.

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Hitachi factory 'a threat to industrial strategy'

BY MAX WILKINSON, INDUSTRIAL STAFF

TWO OF THE SECTOR working parties set up as part of the Government's industrial strategy are strongly opposing plans by Hitachi to establish a television manufacturing factory in the North East of England.

A confidential paper has been sent to the Government to explain why Hitachi's plans are seen as a threat to the future of Britain's established television manufacturers and how from the Government's point of view, the factory should be discouraged.

The paper also says that a decision to allow Hitachi to set up in the U.K. would run directly counter to the industrial strategy.

A decision on Hitachi's application to establish a factory at Washington, County Durham, will have to be taken by ministers this autumn. Earlier in the year it appeared almost certain that the Government would give Hitachi the go-ahead, but since then strong opposition has built up from individual companies, the Radio Incentives Committee and now from the Labour Party.

In general the Government has been anxious not to discourage inward investment to the U.K. from foreign companies, and it has been reluctant to interfere with commercial competition.

However, the paper, from the electronic consumer products and electric components working parties, says the Hitachi proposal would threaten employment in other companies at a time when they are suffering substantial overcapacity.

The Government has indicated that it would give favourable consideration to Hitachi's application if the company agreed to buy a majority of its components,

THE LEX COLUMN
Laird logic in the steel slump

For shareholders in Charrington Industrial, interim figures from the Laird Group will come as a welcome reminder of the fact that the group which has made a contested £20m takeover for their company is still alive and kicking. They could be forgiven for thinking otherwise, for in terms of both strategy and tactics the bid is a source of much amusement.

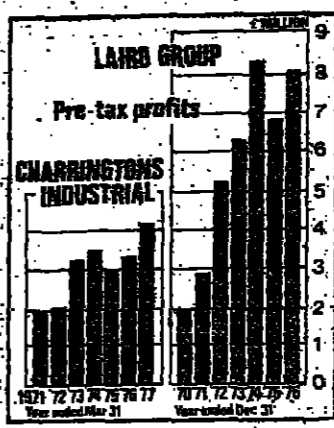
Laird's offer document early last month made a somewhat half-hearted attempt to present the industrial logic behind the bid, but in reality the two groups have almost nothing in common. As for tactics, Laird has made no attempt to secure the agreement of Charrington's management, and its offer, which represents a premium of roughly a fifth on the pre-bid price—looked somewhat inadequate even before the stock market bounced up by about a sixth.

The first closing date a fortnight ago brought a negligible level of acceptances—and a flat statement extending the same terms until mid-September. The profile is so low as to be almost invisible.

However Laird has had plenty of time to plan the investment of its nationalised cash, and it is reasonable to assume that the bid has been carefully thought out. Its existing business is cyclical—profits on steel have fallen from £2m to nothing in three years—and it is having to adapt to larger risks. Individual contracts on transport engineering, for instance, are now rising up towards £100m, compared with a balance sheet total of less than £50m.

A successful tender on the second, larger leg of the Hong Kong Mass Transit tender next year would further enlarge this ratio, and yesterday's interim figures emphasised how steel—close to a third of Laird's turnover—will remain a drag on profits for a fourth year. A slight improvement from break-even has been achieved on light plate, but there is no volume yet in the heavy plate from which Laird's mill should make its money.

The 19 per cent pre-tax improvement—leaving the nationalised Scottish Aviation's losses out of the 1976 figures—has come from motor components and railway and bus engineering. A £40.4m increase in overseas tax partly reflects earlier charging on the successful German motor components subsidiary, and leaves retained profit only 81 per cent ahead



Australia runs always the second half. This year opens enough, with the first ahead of the interim. But the sort of profit deduced from Oceanic and Trading's interim being the first of OCL shareholders to produce for this year—probably with too much of associate company profit Oceanic's £17.5m. The source, not much more, may change this time OCL.

So, allowing for a treatment of exchange losses, OCL have made much more, for the whole of 1976, do well to break the second, half-year scale. In this sense, which this month's Charrington's fulfills at least shareholdings of the four separate criteria. It is big, becomes effective enough to have a significant now Oceanic 33 per cent impact on a group which is and Commonwealth currently capitalised at around £2 and £3 per £23m. Its record suggests that it is a stable business, generating a strong and regular cash flow through its fuel distribution business. And to judge by recent changes at the top, its returns could benefit from a more aggressive management approach. Finally, it would give Laird a worthwhile share of some quite new markets.

But all this is of very limited interest to Charrington's shareholders. From their point of view, Laird is either going to have to offer more or forget the whole thing. The betting must be on the first of these options, but the bidder's tactics have at least succeeded in removing the speculative froth from the Charrington's shares, which although still above the offer price are well below their recent peak. The one message that Laird is trying to promote is that it would rather drop out than get involved in an auction.

Weather

U.K. TO-DAY
SOME rain or showers over most of the country, except for Wales and Central England where it will be mainly dry. Sunny periods in northern areas. London, E. Anglia, E. Midlands. Mainly dry, sunny periods, perhaps some rain later. Max 18°C (64-66°F). S.E., S.W. Cent. S. England, Channel Is. Cloudy, a little rain at times. Max 17-18°C (63-66°F). W. Midlands, Wales. Sunny intervals, becoming cloudy with some rain. Max 17-18°C (63-64°F). E., N.E., Cent. N. England. Sunny periods, scattered showers. Max 17-18°C (63-64°F). N.W. England, Lakes, I. of Man, S.W. Scotland, N. Ireland. Sunny intervals, occasional showers, prolonged at times. Max 15-17°C (59-63°F). Rest of Scotland. Sunny intervals, scattered showers, heavy and prolonged at times. Strong winds. Max 12-14°C (54-57°F). Outlook: Changeable and cool in the North with rain or showers. Mostly dry and warm in the South with sunny periods.

Warning of major raw material price increases in pipeline

BY DAVID FREUD, INDUSTRIAL STAFF

A WARNING that the slow-down in price increases for key raw materials could be the lull before the storm has been made by the Institute of Purchasing and Supply.

Figures reported to the institute of price increases—due this month—sought by Britain's key suppliers of raw materials and brought out components indicate that a number of major rises are in the pipeline.

The main materials affected will be paints and industrial coatings, paper and packaging. The Institute's Procurement Price Monitor was well down in August. The average increase notified by the institute's panel of buyers was 4.49 per cent, compared with 7.55 per cent in July.

The rate of increase has been dropping steadily since January, when it stood at 10.91 per cent. The Institute commented: "The drop-off in industrial costs now in evidence has largely resulted from price reaction on the commodities market. The biggest movements to the rate of increase between July and August were in metals and chemicals. The effect of the British Steel Corporation's July price rises put up the increase in metals costs to 8.15 per cent, compared with 6.95 per cent previously.

By contrast, chemical prices went up by 5.89 per cent in August compared with 10.47 per cent in July.

Forty power stations may stop

BY OUR LABOUR STAFF

A TWO-DAY STRIKE by workers at 40 of the 170 power stations may begin to-night for improved shift pay and fringe benefits.

A meeting of the unofficial shop stewards' committee, based in Yorkshire, rejected an offer yesterday from union officials that the claim would be raised officially in negotiations within the next few weeks.

The stewards' committee felt the union action had come too late to meet the demands of members in the power stations.

If the strike, due to begin at 10 o'clock to-night, goes ahead, the effect will depend on the number of workers supporting the action, and on consumer demand. Rota cuts of between three and four hours cannot be ruled out if the strike receives total support. But the Central Electricity Generating Board can switch power throughout the country by way of the national grid.

The stewards themselves said they were confident that they did not want a collapse of the national grid. The power workers seek an increase in shift pay from £4 to £10 a week; transport allowances to and from work; and an increase in electricity. Union leaders said these claims would be discussed with management shortly.

Engineer delegates rebel

de done when he said the TGWU executive would be "reviewing the outcome in a fortnight's time. He agreed that the executive normally followed Congress's decision, but added: "It is always open to the constitutional authorities within the union to look at our requirements."

He went on to warn of pay difficulties because of the effects of income schemes, which can be negotiated at any time, and because of the need of many companies to restore their pay structures.

He singled out British Leyland and said that their problems could not be dealt with without some breach of the rule.

"To postpone or delay would worsen and deepen the problem. An enormous sponsor in the works," he said, British Leyland with broad union support is trying to bring all its 54 plants on to a common settlement date in November.

Mr. Jones said there had to be some flexibility about the 12-month rule, just as there would be many plants where settlements could not easily be reached within single percentage figures.

It was a prime advocate of the 12-month rule on the TCU General Council until his conference in July defeated him and rejected it.

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